

**1/15/79 [1]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 1/15/79 [1]; Container 103

To See Complete Finding Aid:

[http://www.jimmycarterlibrary.gov/library/findingaids/Staff\\_Secretary.pdf](http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf)

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)			
FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
resume	Compton, 2 pages	undated	C
resume	Good, 2 pages	undated	C
resume	Lederman, 2 pages	undated	C
resume	Moore, 2 pages	undated	C
resume	Simon, 2 pages	undated	C
resume	Slaughter, 2 pages	undated	C
<p>FILE LOCATION</p> <p>Office of Staff Secretary, Presidential Handwriting File, 1/15/79 [1]</p>			
<p>RESTRICTION CODES</p> <p>(A) Closed by applicable Executive Order governing access to national security information.</p> <p>(B) Closed by statute or by the agency which originated the document.</p> <p>(C) Closed in accordance with restrictions contained in the donor's deed of gift.</p>			
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		NA Form 14029 (1-98)	

Office of Staff Secretary, Presidential Handwriting File, 1/15/79 [1]

(A) Closed by applicable Executive Order governing access to national security information.  
(B) Closed by statute or by the agency which originated the document.  
(C) Closed in accordance with restrictions contained in the donor's deed of gift.

NA Form 14029 (1-98)

THE PRESIDENT'S SCHEDULE

Monday - January 15, 1979

---

8:00 Dr. Zbigniew Brzezinski - The Oval Office.

8:30 Mr. Frank Moore - The Oval Office.

9:00 Cabinet Meeting. (Mr. Jack Watson).  
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.

11:30 Chairman John White. (Mr. Tim Kraft).  
(20 min.) The Oval Office.

1:30 Secretary Juanita Kreps. (Mr. Jack Watson).  
(15 min.) The Oval Office.

2:00 Secretary Patricia Harris. (Mr. Jack Watson).  
(15 min.) The Oval Office.

2:30 Secretary Cecil Andrus. (Mr. Jack Watson).  
(15 min.) The Oval Office.

THE WHITE HOUSE

WASHINGTON

January 15, 1979

1:30 PM  
2:00 PM  
2:30 PM

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*  
SUBJECT: Reorganization Meeting with  
Cabinet Secretaries

Attached are two OMB documents -- one which you have previously received, and a more recent one which you have not seen -- describing several reorganization options being discussed within OMB and the White House.

I am forwarding these for your perusal during lunch before you meet with Secretaries Kreps, Harris and Andrus.

Because the options have not been fully staffed, no final recommendations have been sent to you. The three Secretaries have been so advised.

I recommend that you scan the longer document focusing on the Principal Alternatives headed by Roman numerals. The shorter document should be quickly read to get a feel for another variation being proposed on the economic development reorganization.

In any event, since all these options are still the object of considerable debate and discussion within the Executive Office of the President, and since the White House staff observations and recommendations are not reflected here, I urge you not to make any commitments or decisions during these brief meetings with the Secretaries. They are all prepared to express their views of both the substance and the politics of the various reorganization options.

Unless you wish me to do so, I intend not to sit in on your meetings with the Secretaries, so that they will feel completely free to give you their frank assessment of the situation, including their possible differences of view with members of the White House staff.

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

January 15, 1979

MEMORANDUM TO THE PRESIDENT

FROM: BOB LIPSHUTZ *BL*

RE: Office of Government Ethics established  
by the 1978 Act, "Ethics in Government"

This will confirm my earlier advice relative to some of the matters which you reviewed at the Cabinet meeting on Monday morning.

Based upon a recess appointment which you made over the past weekend, Mr. Bernhardt Wruble, formerly a deputy general counsel in the Department of the Army, was sworn in at 3:00 p.m. on Sunday under a "recess appointment" as the Director of this office. Scotty Campbell, Harold Brown, and Michael Cardozo recommended this interim appointment. As you are aware, Mike Cardozo has played a leading role in both the passage of the ethics legislation and in processing the "conflicts of interest" matters for all of your appointees who are processed here at the White House.

It was most important to have someone in this office as quickly as possible because this is the only person authorized to issue the important rules and regulations and administrative decisions required to implement this portion of the law. Mike Cardozo and I, along with the general counsels from the most affected departments, and the Justice Department, are working together and will work closely with Mr. Wruble in developing these important details. Jack Watson is making certain that all of this Cabinet Secretaries who have not yet expressed their recommendations will do so very quickly.

In the meantime, there is an intensive effort being made to identify qualified persons who can be recommended to you for the appointment of the permanent Director of this office.

I will keep you advised concerning this matter.

cc: Jack Watson

Electrostatic Copy Made  
for Preservation Purposes



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

*Watson*

1979 JAN 12 AM 11 00

JAN 11 1979

MEMORANDUM FOR THE VICE PRESIDENT  
STUART EIZENSTAT  
HAMILTON JORDAN  
TIM KRAFT  
DICK MOE  
FRANK MOORE  
DICK PETTIGREW  
JODY POWELL  
JERRY RAFSHOON  
~~JACK WATSON~~  
ANNE WEXLER  
FRANK PRESS

FROM: James T. McIntyre, Jr. *Jim*  
SUBJECT: Additional Reorganization Option

Would you please review and give me your comments on the attached additional reorganization option. In order that we can reflect your position in the final memorandum to the President, please forward your comments by CLOSE OF BUSINESS, FRIDAY, JANUARY 12.

Option 3. Consolidate development assistance to State and local governments in a Department of Development Assistance and consolidate assistance to business in a Department of Trade and Business Development.

This alternative would incorporate those parts of option 1 aimed at bringing together in one Department those Federal assistance programs directed to strengthening the public sector's development capacity at the State and local levels.

Under this alternative there would be also a consolidation in one Department of those Federal assistance programs that assist the private business community in export promotion and financing, business development, technology utilization and economic analysis.

This option therefore places Federal development assistance for the public sector in one Department and Federal assistance for the private sector in another Department. Thus, clear lines of authority and responsibilities would be created that can be understood by the general public, the private sector, and State and local governments.

The Department of Trade and Business Development would unite the Small Business Administration, National Development Bank, other business loan programs and the Industry and Trade Administration into a coordinated approach to business development.

The Export-Import Bank and Overseas Private Investment Corporation (OPIC)\* provide financial and other assistance to American companies operating overseas. These agencies, combined with SBA, would bring together several functions important to export promotion, including the Commerce and SBA field office networks. These tools should permit the Department to weld together positive groups of export supporting activities that can foster meaningful improvement in the U.S. competitive position abroad and result in increased domestic employment and greater exports by both small and large businesses.

A particular focus of the Department of Trade and Business Development would be the growth of productivity and technology. The Department would continue to develop policies in this area, through examination of Federal policies on business taxation investment, patents, government procurement, technology extension, research and development.

---

\* The Secretary of the Department of Trade and Business Development would replace the AID Administrator as Chair of the Board of Directors of OPIC and will provide policy guidance as one of the 3 directors of Eximbank.

This alternative would build on the existing Departments of Housing and Urban Development and Commerce. These agencies would be reorganized, realigned and their programs supplemented to bring about strengthened capacities to assist the public and private sectors in meeting the nation's development challenges.

° Organizational Changes

The Department of Development Assistance would absorb the following Federal program responsibilities:

<u>Current Agency</u>	<u>Programs</u>
HUD	All programs
Commerce	Economic Development Administration of public works grants and loans, and planning and technical assistance (Titles I, III, IV, and IX); Title V Regional Commissions
Agriculture	FmHA Community Development Program (non-farm, non-housing)

The Department of Trade and Business Development would absorb the following Federal program responsibilities:

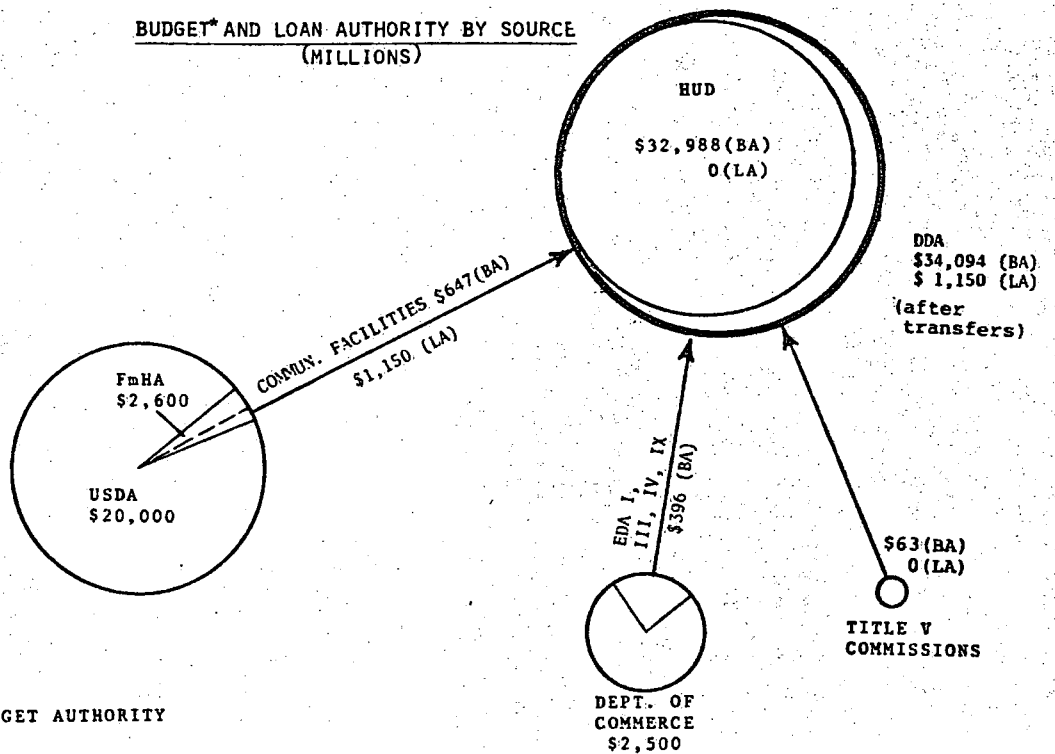
<u>Current Agency</u>	<u>Programs</u>
Commerce	All programs, except for those portions of the EDA program and the Title V Commissions which -- as noted above -- would go to the new Department of Development Assistance.
Small Business Administration	All programs
National Development Bank	All grants and loans to private sector
Farmers Home Administration	Business and Industrial loan program
Export-Import Bank	All activities
Overseas Private Investment Corporation	All activities
CSA	Community Development corporations

Exhibits VIII and IX depict the transfer of resources and personnel associated with this option.

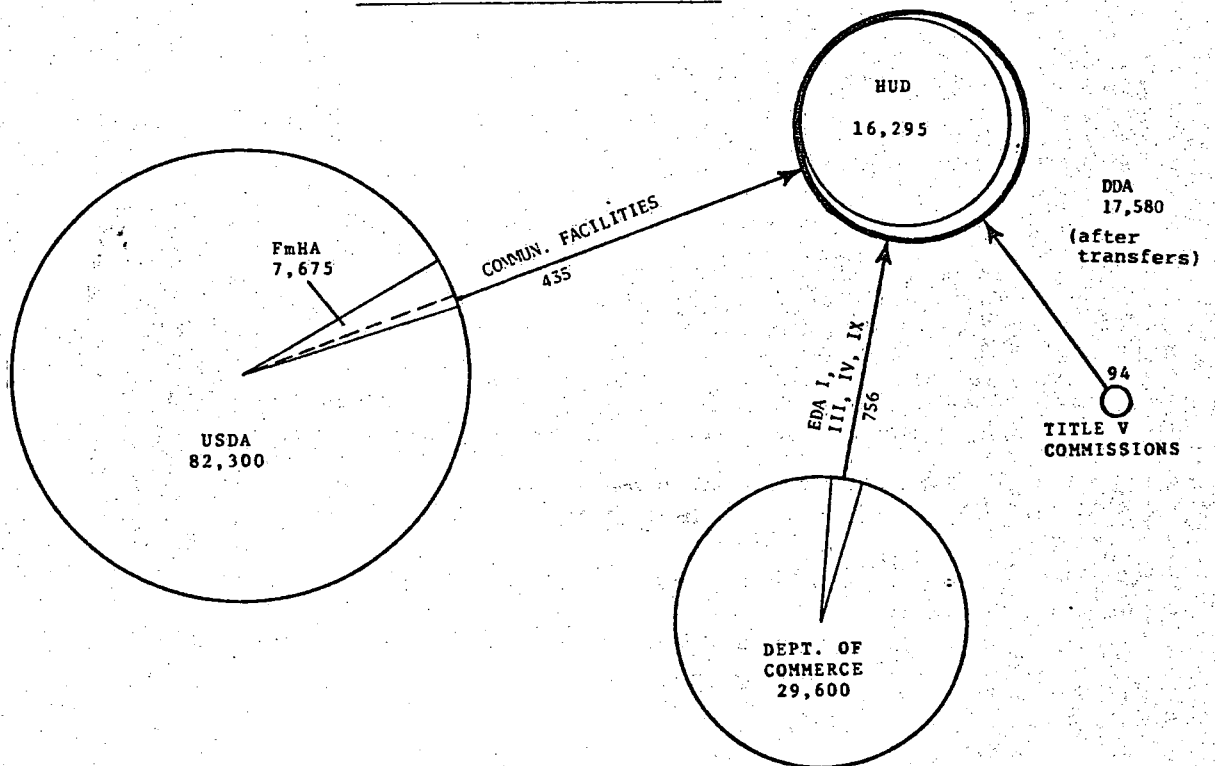


# EXHIBIT VIII

## DEPARTMENT OF DEVELOPMENT ASSISTANCE BUDGET AND EMPLOYMENT BUDGET\* AND LOAN AUTHORITY BY SOURCE (MILLIONS)



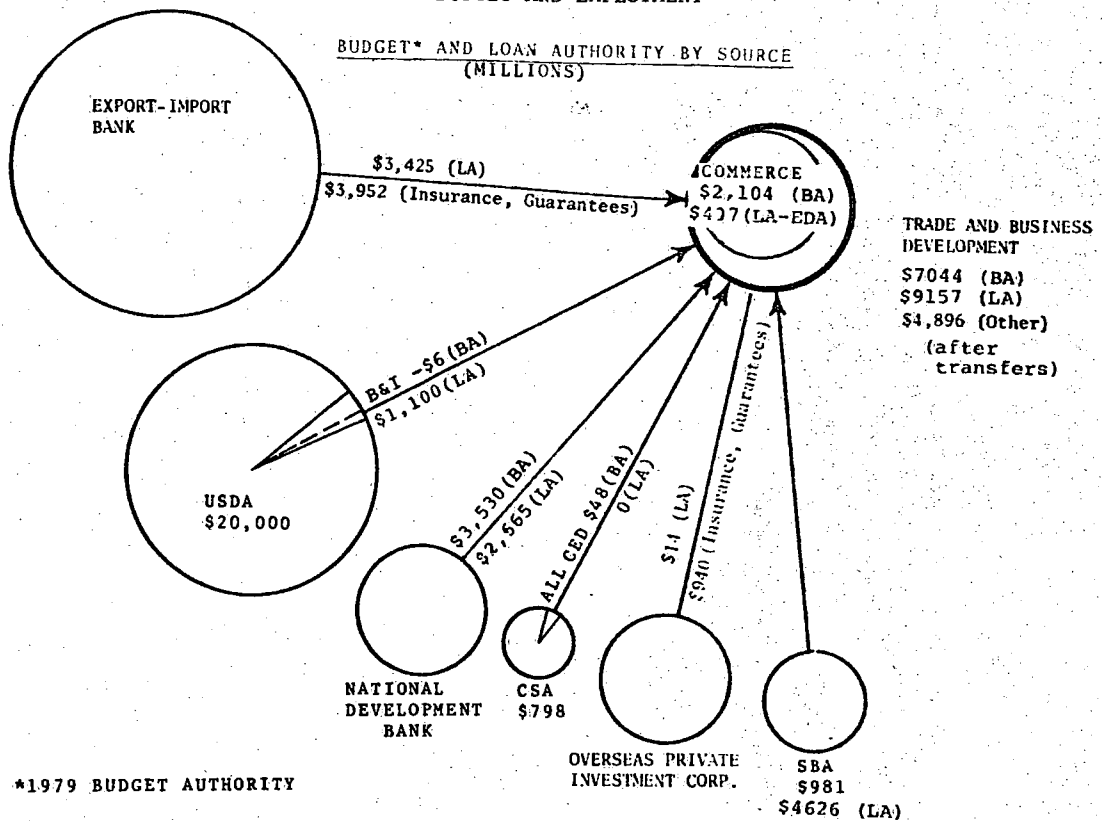
## PERMANENT POSITIONS BY SOURCE



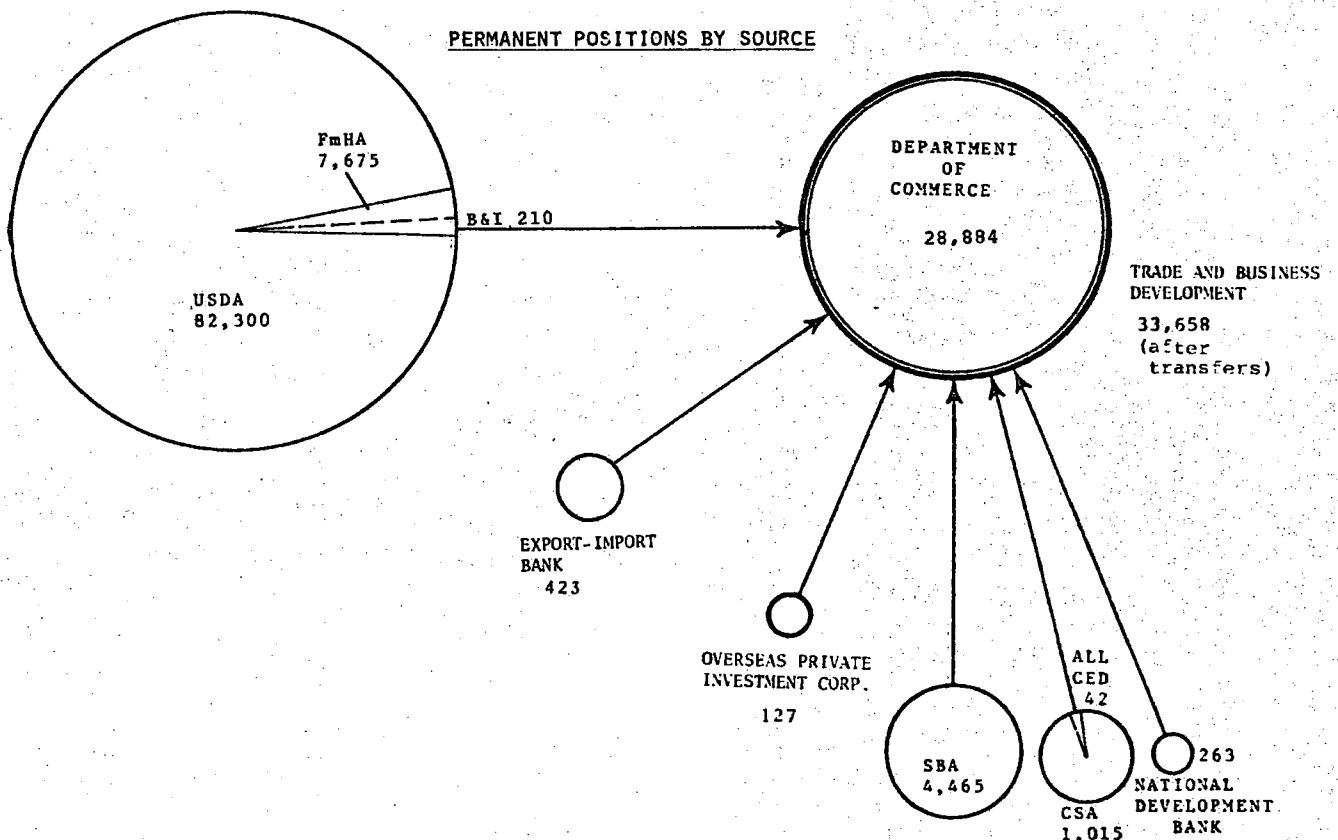
# EXHIBIT IX

## DEPARTMENT OF TRADE AND BUSINESS DEVELOPMENT BUDGET AND EMPLOYMENT

### BUDGET\* AND LOAN AUTHORITY BY SOURCE (MILLIONS)



### PERMANENT POSITIONS BY SOURCE



This option would permit the consolidation of public development programs for planning assistance, economic development public sector assistance and community development facilities and activities in the Department of Development Assistance. Economic Development Business loans would be consolidated in the Department of Trade and Business Development.

Including all business development programs in a strengthened Department of Trade and Business Development would insure a more coordinated and integrated approach toward the private sector -- on both a sectoral and place specific basis.

This obviates the argument some advance that business assistance could be subordinated to housing and community development in a Department built around HUD.

Placing business development assistance and public development assistance in different departments might increase business confidence in working with a Federal Government agency focused on solving basic business economic problems.

Placing the proposed National Development Bank in a Department with an orientation toward the private sector should ensure coordinated management of Federal loan funds, and more emphasis on business assistance.

Placing the SBA in this new department will ensure that small business has an effective advocate and a vital role in solving our trade and other economic problems. For the first time, small business concerns would be articulated in Federal economic policymaking.

The new Department of Trade and Business Development would also bring together major Federal programs designed to provide specialized management, technical, and procurement assistance to minority businesses.

Consolidating export financing and business development functions would permit the implementation of a coordinated policy. Growing recognition of the interdependence of our domestic and international economic problems creates a real need for a more integrated and better focused economic analysis and policy development capability aimed at improving the ability of business to adjust to changing economic circumstances. This would be a significant first step in that direction.

Equipping a single Cabinet Department with a critical core of development tools and programs to assist multi-State,

State and local units of governments will upgrade development as a focus of Federal policy and improve development partnerships with State and local governments. By clarifying authorities and responsibilities for Federal development assistance, this option would make Federal development efforts more understandable and accountable.

Locating urban and rural development programs in a single department will reduce gaps and inequities and permit the establishment of coherent balanced Federal development policy while preserving the possibility of variations in urban and rural development programming.

By providing State and local governments with one stop for development assistance and one stop for business loans, this option will improve program coordination and will permit significant program consolidation. It will also improve Federal responsiveness to local strategies.

This alternative would simplify the Federal planning assistance programs and more closely tie them to development funding decisions.

Federal-level consolidation will help reduce fragmentation at State and local levels.

This structural change will permit program reforms to create consolidated development grant programs, simplified planning programs and a streamlined rural community facilities program comparable to the existing urban program.

This proposal permits better use of program monies and will reduce administrative costs at Federal, State and local levels and make better use of scarce Federal and local technical staffs. Total Federal savings from all sources (administrative, program consolidation, and changes in program policies and administration) will be approximately \$40 million annually.

This option will strengthen the analytical foundation for subnational development decisions and create the capacity to anticipate development problems and opportunities.

This option will facilitate the use of housing programs as an integral part of the development process in urban areas.

This option presents a clear and understandable division of authorities between programs directed at assisting development activities of the public sector and those of the private sector. This public/private allocation of authorities and responsibilities presents a rational and

coherent theme for the reorganization. This is a theme that can easily be explained to and understood by the general public, the Congress, mayors and governors and the private sector.

### Disadvantages

Additional efforts would be necessary to coordinate planning activities in a new Department of Development Assistance to ensure their consistency with the private sector business investment decisions.

Some argue that the focus on distressed communities could get subordinated to general business promotion.

The purposes and uses of both public and private economic development programs are often the same. Some of the assistance provided through public entities goes to business in the form of revolving loan funds, business structures and related facilities.

Principal responsibility for implementing economic development policy would still be split between two departments -- policies and approaches could differ significantly.

Some argue that the objectives of the ED business loan programs are more closely related to ED public sector programs than to trade and general business programs.

When public facilities assistance and business assistance need to be packaged, as is often the case, it will be necessary to go to two separate departments. This can hinder public and private partnerships locally.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

EYES ONLY

DEC 27 1978

INFORMATION MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim*  
SUBJECT: Reorganization 1979

This memorandum presents the results of our analysis of the major items on the 1979 reorganization agenda awaiting approval.\* Four principal projects are described: natural resources, development assistance, commerce and trade, and food and nutrition. This is not a decision memorandum. It is for information only. It provides important background for a decision memorandum to follow next month. We are requesting Cabinet comments now.\*\* When you return, we will submit a decision document as part of the 1979 agenda package which contains agency views and my recommendations.

The four areas of government under consideration were chosen with the goal of bringing about visible achievements in government performance and efficiency: more service from the same dollars, reduction in personnel and administrative costs, consolidation and simplification of programs, less overlap and duplication. Together with civil service reform, the Department of Energy, and the pending Department of Education, the initiatives described below would give you a reorganization record affecting most of the domestic Cabinet by 1980:

- (1) Natural Resources. The excessive number of Federal natural resources agencies doing much the same thing makes it confusing for citizens to know where to go, costly for businesses delayed by complex permitting requirements, and complicated for the government to develop and implement coherent policy for balancing conservation and development objectives. The natural resources proposal would simplify this structure and help to solve these problems as well as save money for the government and the private sector.
- (2) Development Assistance. The complexity, paperwork and delay in delivering development grants and services to local officials has long been a complaint of mayors, governors, and businessmen. Federal investment in

\* Preparations are underway for education reorganization, which you have already approved.

\*\* We are also requesting additional comments now from the senior Executive Office of the President staff.

development programs cannot now be focussed for optimal payoff. Private sector partners often cannot afford to wait months for Federal action. By consolidating programs in this area, we can begin to address these concerns as well as save administrative costs for Federal, State and local governments.

- (3) Food and Nutrition. Although food and nutrition issues are an increasingly important Federal responsibility, no agency is primarily responsible for them. By building Agriculture into a Department of Food and Agriculture, we can move toward a modern agency with responsibility for food from producer to consumer, relate nutrition research to decisions about what crops farmers grow, and broaden the Department of Agriculture's constituency.
- (4) Trade and Commerce. We are not yet prepared to make a recommendation regarding the mission of the Commerce Department. However, our analysis has indicated important deficiencies in the Federal Government's capacities to formulate and implement trade policy and to conduct economic analysis. A major cause of these deficiencies is program fragmentation. We will be able to present you shortly with carefully analyzed and politically tested Commerce Department options.

In short, these options are designed to modernize the structure of government by focussing resources on today's problems, streamlining government processes, and saving money for the public and private sector.

The remainder of this memorandum discusses each set of options in detail. Parts I-IV offer options in specific subject areas. Part V discusses implementation.

## I. Natural Resources

### A. The Problem

Managing the Nation's natural resources -- land, air, water, oceans, wildlife -- is a substantial Federal responsibility. But organizational fragmentation and overlap make it difficult to do a good job. Exhibits I and II summarize natural resources programs and the current jurisdictional fragmentation of resource programs. This program dispersion creates real problems.

- No one official, short of you, can take the necessary overview of resource matters; set policies and priorities; or make decisions with a perspective balanced between conservation and development.

No one addresses natural resources comprehensively, even though extensive interactions in the physical world exist.

Even when policy is developed, often no one has clear authority to carry it out. For example, the Secretary of Interior has been assigned to implement water policy

## NATURAL RESOURCES PROGRAMS

## EXHIBIT I

Department or Agency	Bureau	Clients	Budget(M)	Personnel	Mission
Interior	Bureau of Land Management	Ranchers, miners, oilmen, recreationists	850.9	5,762	Manages 470M acres of publicly owned lands. Manages oil and gas leasing on the Outer Continental Shelf.
	Bureau of Mines	Mines, mineral industry, government agencies	146.1	2,500	Research on mining and metallurgy technology. Compiles mineral resources inventories and assessments.
	Bureau of Reclamation	Farmers, ranchers, private citizens	596	7,345	Plans, constructs and operates water development projects in 17 Western States, primarily for irrigation & hydropower.
	Fish & Wildlife Service	Public-at-large, hunters, fishermen, conservationists	435.5	5,215	Manages 30M acres of wildlife refuges. Conducts research on fish and wildlife. Protects endangered species. Operates fish hatcheries.
	Geological Survey	Government agencies, State geologists, foreign gov'ts, planners, recreation	640.1	9,552	Performs surveys and research on mineral and water resources topography, geology. Prepares maps and charts.
	Heritage Conservation & Recreation Service	Public-at-large	842.2	580	Administers Land and Water Conservation Fund. Administers nationwide recreation planning and historic preservation programs.
	Nat'l Park Serv.	Campers, public-at-large	520.7	9,142	Manages 30M acres of National Parks.
	Office of Minerals Policy & Research Analysis	Government agencies	1.5	27	Performs mineral policy analysis.
	Office of Surface Mining	Mining industry, farmers, landowners	115.4	924	Regulates surface coal mining.
	Office of Water Research & Technology	Government agencies, universities	28.4	75	Administers water resources research contracts. Provides grants to universities for research.
Agriculture	Office of Territorial Affairs	Citizens of territories	119.2	182	Responsible for Guam, American Samoa, the Virgin Islands and the Trust Territories of the Pacific.
	Bureau of Indian Affairs	Indians, mineral industry	1,399	12,777	Trustee for Indian lands and monies. Provides social services.
	Forest Service	Foresters, timber industry, recreation	1,824	21,325	Manages 187M acres of Nat'l Forest lands. Provides assistance to State and private forestry program. Conducts forest and range research.
Army	Soil Conservation Service (partial)	Farmers, ranchers, landowners, planners	298.3	4,419	Plans and finances water resource projects in small watersheds, primarily for flood control & drainage. Conducts surveys of soil conditions & prepares maps. Measures snowpack & forecasts water supplies in the West.
	Corps of Engineers (civil)	State and local gov't, farmers, ranchers, boaters, inland shipping interests	2,623	29,000	Plans, constructs & operates water development projects, primarily for navigation and flood control. Regulates disposal of dredged or fill material in inland waters; regulates hazards to navigation. Regulates ocean dumping of dredged material.
Commerce	Nat'l Oceanic & Atmospheric Administration	State governments, airline and marine industry, public-at-large	777	12,530	Manages ocean fishing resources; administers State coastal zone management planning programs; protects marine mammals and endangered species; conducts research and assessments of the marine environment; monitors and predicts weather and climate; conducts research on meteorology and climate; and prepares marine charts and aviation maps.
Water Resources Council		Government agencies, State & local planners	60	105	Develops Federal water policy; administers State & river basin comprehensive water planning programs; establishes guidelines for water project planning; & conducts independent reviews of project plans.



# NATURAL RESOURCES ACTIVITIES

Agency	Water Resources	Land Resources	Oceans	Atmospheric Resources	Research, Science & Data Collection
Interior	Plans, constructs, and operates large multiple-purpose water projects, primarily for hydropower and irrigation.  Manages freshwater fish hatcheries.  Manages Wild and Scenic River System.	Manages 470 M acres of publicly owned land for multiple purposes, including grazing, timber, minerals, recreation, and wildlife habitat.  Manages 60 M acres of publicly owned land for special purposes such as National Parks and Wildlife Refuges.  Conducts recreation planning and historic preservation programs. Administers Land and Water Conservation Fund.  Regulates surface coal mining.  Regulates and protects endangered and threatened species of plants and wildlife.	Manages oil and gas leasing on the Outer Continental Shelf which involves support research in marine science and environmental baseline studies. Jurisdictional disputes ongoing with NOAA over future management of seabed minerals.  Manages a series of fish hatcheries for anadromous fish.	Conducts a program of weather modification to increase water supplies in the West.	Performs surveys and assessments of mineral resources, including geologic investigations, geophysical surveys, and satellite observations.  Conducts broad-based program of water resources research, fish and wildlife research, ecological research, and mining and minerals research, development and demonstrations.  Conducts nationwide program of surface and ground water resources monitoring, including water quality.  Prepares maps and charts.
Forest Service		Manages 187M acres of National Forests for multiple purposes, including timber, grazing, minerals, recreation and wildlife habitat.  Provides technical and financial assistance to State forestry programs.			Conducts forest and range research for Federal agencies.  Prepares an annual renewable resources assessment.
Soil Conservation Service (small watershed and soil survey)	Plans and finances multiple-purpose water projects in small watersheds, primarily for flood control and drainage.				Prepares certain land and soil maps.  Conducts nationwide surveys of soil conditions and their possible uses; conducts an interagency program of snowpack measurements and water forecasts in Western States.
National Oceanographic and Atmospheric Administration			Administers marine fisheries programs, including research and development programs; protects marine mammals and endangered species; conducts oceanographic data collection and research; administers State coastal zone management planning programs.	Monitors weather and climate and prepares forecasts; issues storm warnings and organizes community preparedness; conducts research on meteorology and weather modification; operates weather and research satellites.	Conducts interagency program of climate research; manages oceanographic and marine science programs; administers grants to universities for basic research in marine sciences.  Manages production and distribution of marine charts and aviation maps and approach plates.
Corps of Engineers	Plans, constructs and operates multiple-purpose water projects, primarily for flood control and navigation. Regulates disposal of dredge and fill material in inland waters and wetlands and hazards to navigation.	Manages 8 million acres of reservoir lands for multiple uses, with large recreation attendance.	Regulates ocean dumping of dredged materials under EPA guidelines and veto power.		Conducts hydrologic investigations and collects water resource data. Manages engineering research in support of new construction techniques.  Conducts recreation and environmental studies.
Water Resources Council	Develops water resources policy. Manages comprehensive river basin and State water resources planning. Establishes guidelines for planning of water projects. Conducts an independent review of project plans.				

reforms, but he has no authority for Corps project planning.

Relating natural resource programs to other areas, such as international relations, energy and environmental protection, is difficult.

Numerous confusing field systems make it difficult to coordinate policy decisions with State and local governments, respond to regional differences, and provide efficient service delivery.

Responsibilities for each resource area (land, oceans and water) are badly fragmented. For example, water resources policy planning and construction responsibilities are assigned to three operating agencies and the Water Resources Council.

Today's problems will intensify in the future with increasing population, economic growth, and greater demand for outdoor recreation.

- Unclear assignment of responsibilities leads to inter-agency competition, duplication of skills, and failure to take advantage of economies of scale.

Interior and NOAA have several areas of contested jurisdiction and overlap, including hydrology, marine biology, mapping and charting, and deep sea mining. Despite numerous coordinating committees, the problems remain. In a recent case, the two agencies spent over \$1 million determining who has jurisdiction over the sea turtle, an amphibious endangered species.

Interior and the Forest Service manage public land for the same multiple purposes. Yet each has its own experts, investment levels, field structure, and systems for dealing with the public, including timber, cattle and recreation industries.

The three water development agencies independently pursue their own project planning studies to support their own construction program levels. This causes unnecessary expense, poorly conceived projects, and extra pressure from hopeful beneficiaries.

All the natural resource agencies have research and data programs but there is no central clearinghouse, making it difficult for agencies and the public to take advantage of each other's knowledge.

- Inconsistent regulations and procedures make it difficult, time-consuming, costly, and confusing for natural resources users.

Recreation services are provided by several agencies. Different priorities in funding levels result in some ~~over~~designed and overstaffed facilities while others are neglected.

Interior and the Forest Service, both managing similar public lands, have different regulations for permits, fees, accounting methods, recreational usage and environmental regulation. This situation is particularly troublesome when the two agencies have adjacent or intermingled land, and users seek permits for grazing, access roads or other uses that cross jurisdictions.

Responsibility for management of the Outer Continental Shelf is vested in Interior. NOAA has most other ocean-related responsibilities and expertise, such as oceanography, fishery regulation and coastal zone planning. This division of closely related programs causes duplication, confusion for developers and environmental groups, and fails to take full advantage of complementary skills.

#### B. Principal Alternative: Department of Natural Resources (DNR)

Built on a reorganized Interior, a DNR would incorporate the Forest Service, NOAA, the Water Resources Council, and the water planning functions of the Soil Conservation Service and the Corps of Engineers. Once consolidated in a single department, these programs would be realigned into major program components as follows:

- NOAA (Commerce) and Outer Continental Shelf (Interior):  
In the new Department, a major component including NOAA and the oceanic programs of Interior would be created, giving the functions high priority.

- Forest Service (Agriculture) and Bureau of Land Management (Interior): The experience and professional staff of the Forest Service make it the premier multiple use land planning and research agency in the Federal Government. Within the new Department, the Forest Service would provide the base for this component and, over time, would absorb the Bureau of Land Management.
- Geological Survey (Interior) and Soil and Snow Surveys (Agriculture): Most of the resource agencies gather information and do research. Their data and research findings are often in different formats and difficult for States and other agencies to use. By locating these support programs in a sciences component of DNR, they can be made more useful.
- National Park Service, Fish and Wildlife Service, Heritage Conservation and Recreation Service (Interior): Within DNR, the National Park Service, Fish and Wildlife Service, and Heritage Conservation Service would be grouped.
- Water Resources Council, parts of the Corps of Engineers (Defense), Soil Conservation Service (Agriculture), and Bureau of Reclamation (Interior): Water resources problems are being addressed by your water policy reforms. However, these policy directives can be more effectively and permanently implemented with accompanying organization improvements.

To accomplish this you could transfer to and consolidate in DNR the Water Resources Council and the policy, planning and budgeting functions of the three water development agencies. Detailed project design and construction functions of the Bureau of Reclamation and Soil Conservation Service would be transferred to and consolidated in the Corps, which would become the government's water project construction arm.

The DNR would plan and budget for all water development activities, and the Corps would act as construction agent under strong policy and review controls. The Corps would have an increased design and construction capability to undertake assignments for other agencies. Separating project planning from construction would

remove the incentive to generate plans to support a construction program. Although some inefficiencies may result from separating planning and construction functions, there would be net personnel cost savings of \$38 million annually. About 3,000 planners would transfer from the Corps to DNR and about 8,700 Reclamation and Soil Conservation construction personnel would transfer to the Corps.

We evaluated other options for handling water resources. For example, consolidating in DNR all the functions of the Corps' civil works, Bureau of Reclamation, Soil Conservation Small Watersheds, and Water Resources Council would provide stronger executive direction and greater savings. However, this option would impair the Corps' military construction and mobilization capability and its ability to take on alternate missions.

A third option is to strengthen the Water Resources Council by providing an independent and full-time chairman and designating it as lead agency for water policy. Reclamation functions would be transferred to the DNR along with the rest of Interior, while the Corps' civil works and Soil Conservation Service watershed programs would remain in Army and Agriculture, respectively. The strengthened Water Resources Council would provide policy leadership, independent review of projects, coordination with States, and advice to OMB on budget proposals -- particularly new planning and construction starts. This option creates a minimal organizational change and offers some improved management of water resources programs. In the past, however, interagency coordinating groups have not been strong enough.

Exhibit III graphically depicts the resource and manpower transfers for a Department of Natural Resources.

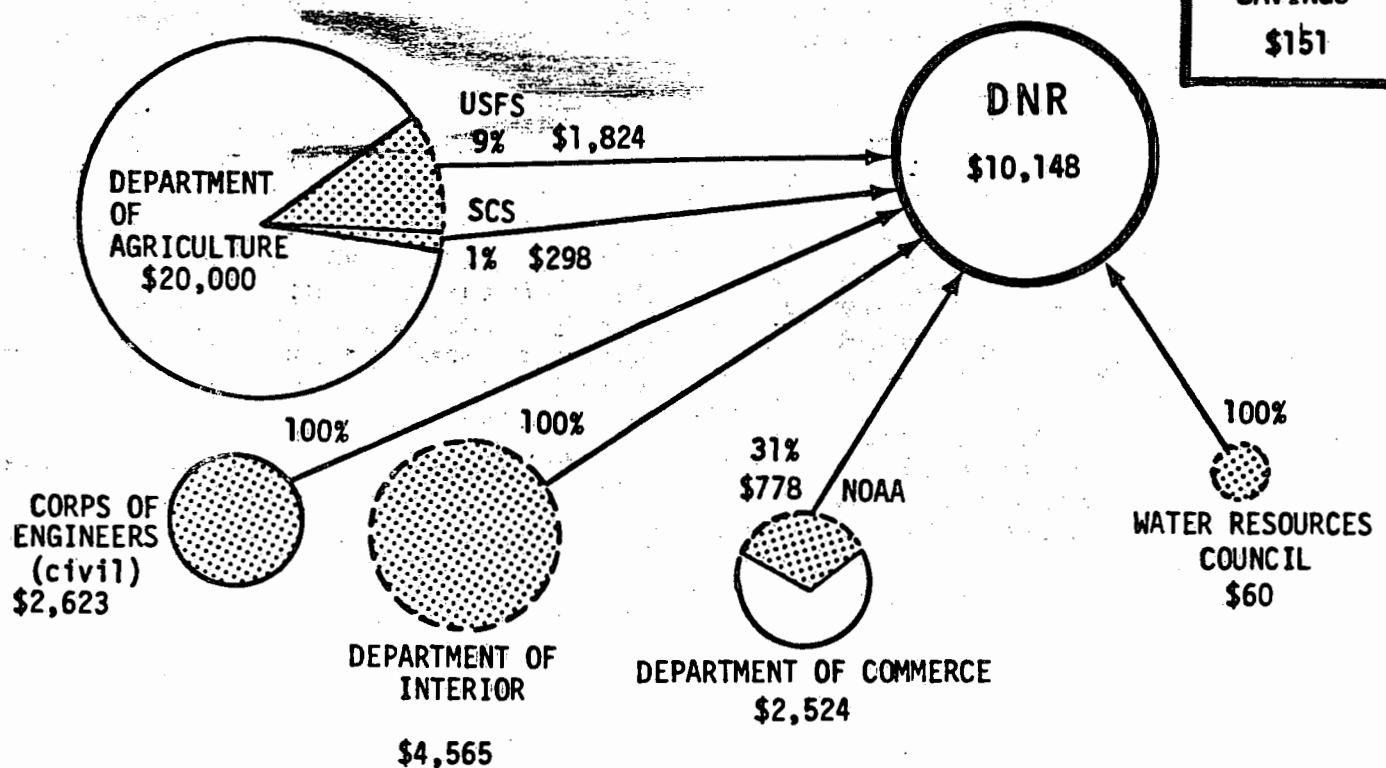
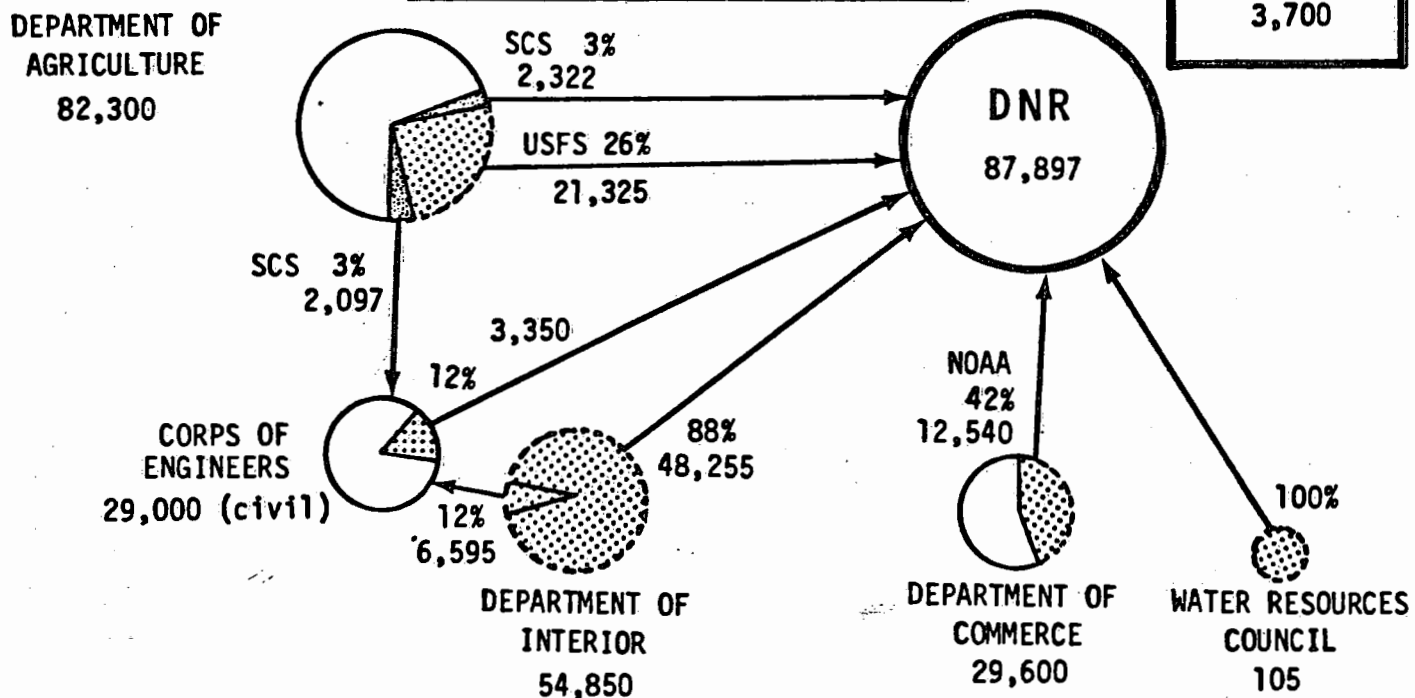
#### Advantages and Disadvantages

- The functions can be performed at the same levels with an estimated savings of \$151 million and 3,700 positions (obtained over several years). These savings result from:
  - merging similar functions, streamlining internal organization, unifying field systems, and improving service delivery; and

## DEPARTMENT OF NATURAL RESOURCES

BUDGET AUTHORITY BY SOURCE

(Millions)

PERMANENT POSITIONS BY SOURCE

-- abolishing or curtailing unnecessary programs, such as portions of Bureau of Mines metallurgical research programs.

- Services will be delivered faster and better. Commercial firms interested in oil and gas leasing on the Outer Continental Shelf or public lands will benefit from a unified regulatory structure and faster decisionmaking process. Recreation users will have easier access to information and special interpretive services. Grazing, timbering, tourism, and fishery interests, permit seekers, and State and local governments will have a simpler relationship with the Federal Government, dealing with only one agency, rather than two or more. Environmentalists and conservationists will have easier access to Federal policymaking as well. Faster rulemaking and consistent regulations for marine mammals and endangered species will benefit both conservation and commercial interests. Simplification and consolidation of fish and wildlife project review and dredging permit review will speed the regulatory process. Better coordinated data collection and consolidated mapping and charting services will make better data available to public and commercial users at lower cost.
- A uniform data collection system and exchange of research results will provide a better basis for informed decisionmaking.
- Policy and case decisions will be balanced better in an institution having an overview of all resource areas and a broad constituency spanning both development and preservation perspectives.
- But: Some argue that separating the Forest Service from Agriculture breaks the links between the two agencies. The Forest Service provides services to farmers who grow trees. The Forest Service has been an effective agency in Agriculture.
- But: Some argue that NOAA's fisheries programs are as much an economic development and food related function as they are a natural resource function, that NOAA's programs have been working well at Commerce and that removing them would take 45 percent of Commerce's personnel, which would diminish the importance of the Department.

- But: Separating water resource planning from construction functions means that the planners may be out of touch with the construction personnel and the Corps eventually may redevelop a planning capacity.
- But: Reorganization always causes short term disruption and cost.

### Political Assessment

The DNR has substantial support among conservation groups (National Wildlife Federation, Natural Resources Defense Council, etc.), some State and local officials, and some user industries (e.g., oil, ocean mining). Natural resources opinion leaders like Russell Train, Russell Peterson, and Robert White support it enthusiastically. Former Interior Secretaries Stewart Udall and Thomas Kleppe will help. The ocean community will probably support the DNR once it becomes clear that ocean programs will be given organizational priority. Most environmental groups will support DNR so long as EPA and CEQ are undisturbed; they are also attracted to DNR as a means of promoting water policy reforms. The DNR will be opposed by agriculture interests, probably including foresters, and potential beneficiaries of water projects. If the timber and fishing industries decide to oppose aggressively (as is likely), there could be regional repercussions with the Pacific Northwest and the Southeast.

Senate: Senators Ribicoff, Percy, Jackson, Muskie, and Nelson support this concept. Senator Jackson has indicated strong support and is committed to lead the effort in the Senate.

Senator Talmadge has expressed opposition to movement of the U.S. Forest Service or any part of the Soil Conservation Service out of Agriculture. The rest of the Agriculture Committee members appear to agree with him. Senator Hollings has stated his opposition to moving NOAA out of Commerce. We may be able to convince Senators Magnuson and Stevens to support moving NOAA to a new DNR, and help us persuade Hollings as well.

House: Congressmen Brooks, Horton, Udall, and Bolling support this option. Chairman Udall is willing to be a prime sponsor. His position as Chairman of the Interior and Insular Affairs Committee and his overall leadership in the House are important.



Congressman Breaux, a key leader on ocean matters and prime sponsor of an independent ocean agency, appears to be a potential supporter if he obtains assurance of a strengthened oceans agency in a DNR.

Although this proposal does not affect significantly the Merchant Marine and Fisheries Committee, they fear any reorganization in their general subject area.

Congressman Foley, as Chairman of the House Agriculture Committee, will be obliged to oppose any move of the U.S. Forest Service, but he has signalled that he does not expect to prevail. His Committee will be strongly opposed to DNR. Members of the House Public Works Committee, including Chairman Johnson, will oppose any change in the Corps of Engineers. Their opposition may be muted, however, since only parts of the Corps would be moved and the Corps will get additional construction functions.

#### C. Other Alternatives Considered

##### (a) Department of Agriculture and Renewable Resources --

This option would consolidate USDA's land and water functions, primarily the Forest Service and Soil Conservation Service, with public land management, water resources, and ocean fisheries from other Departments.

#### Advantages and Disadvantages

- ° Consolidating in Agriculture would appear to give a greater production emphasis to resource management. For example, development, marketing and use of fish as a food source would become a primary focus of the ocean fisheries program.
- ° Merging the Bureau of Land Management and the Forest Service would solve the problems associated with having two separate land management agencies and build on the Forest Service, the stronger of the two units. Agriculture has experience both in managing public lands and assisting private owners with private land management. Interior has experience with public land only.
- ° But: Public lands are managed for many uses other than the production of food and fiber emphasized by Agriculture. Federal responsibility for those other uses, such as recreation, mineral development and management of

fish and wildlife, would remain in Interior and continue the fragmentation in these areas.

• But: Management of federally-owned lands would remain fragmented since park lands and wildlife refuges would still be managed by Interior.

Agriculture interest groups would prefer this option if change is inevitable.

Environmentalists and conservation groups would oppose. Marine fishery interests oppose separation of fishery regulatory programs from other ocean programs.

(b) Improved Coordination Without Major Realignment --

Retain the existing structure and establish a Natural Resources Council, or individual councils for land, water, and oceans to develop policy and coordinate actions. This option would avoid disruption but would create additional layers of government, especially in the Executive Office. Accountability would be confused, and previous results with this type of approach have been poor. This approach could not be presented as a bold solution to chronic problems.

(c) Department of Natural Resources and Environment --

This option would join most natural resource management programs, plus environmental regulatory programs of the Environmental Protection Agency (EPA). This is not a feasible solution because EPA's jurisdiction goes well beyond resource management to include regulation of many other areas, such as urban and industrial wastes. EPA is increasingly oriented toward public health. There is strong interest group and general public support for keeping EPA independent.

(d) Department of Oceans and Atmosphere --

A Department of Oceans and Atmosphere would be responsible for oceans, coastal and atmospheric affairs and would consolidate the bulk of the programs associated with those activities (except for military programs). The Department would include the National Oceanic and Atmospheric Administration (NOAA) and the Maritime Administration from Commerce and the U.S. Coast Guard from Transportation.

The Option would recognize the growing importance of the oceans and ocean resources to the Nation. It would also improve coordination among Federal activities relating to the oceans.

However, the Department addresses only a part of the total natural resource issue and would leave other fragmented resource areas unaddressed.

## II. Development Assistance

### A. The Problem

In your Urban Message and elsewhere, you called for a long-term development strategy to address the problems of local communities, such as loss of jobs, loss of tax revenue base, sub-standard housing, deteriorating community facilities and under-employment. But the organization of Federal development programs makes it difficult to pursue such a strategy.

- Programs and resources are severely fragmented.  
(Exhibit IV explains the programs involved and Exhibit V depicts the current fragmentation. Exhibit VI depicts the confusing relationships between Federal, State and local organizations.)

Economic development assistance is splintered among ten programs in five different agencies (Economic Development Administration (EDA); Department of Housing and Urban Development (HUD); Farmer's Home Administration (FmHA); Small Business Administration (SBA); and Community Services Administration (CSA)). The proposed National Development Bank would create a sixth. By placing UDAG in HUD and proposing an independent National Development Bank, this Administration has fragmented economic development further.

General community facilities assistance is scattered among 4 agencies (HUD, FmHA, EDA and EPA) and the Title V Regional Commissions.

Nine programs in three agencies (HUD, EDA and FmHA) and the Title V Regional Commissions provide funds for development planning.

## COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMS

Department or Agency	Program	Client	1979 Budget	1979	1/ 1979 Personnel	Mission
			Authority Enacted (Millions)	Loan Authority (Millions)		
HUD	UDAG	All communities meeting "distress" criteria	\$ 400		78	Fosters economic development in distressed cities and urban counties.
	CDBG Entitlement	States, communities, local public bodies	2,652		709	Promotes development of viable communities.
	CDBG small cities		657			
	701 Planning & Research	States, area wide planning agencies	111		270	Strengthens planning capabilities for community and economic development.
Commerce*	Housing	Private developers, local housing authorities, individuals	26,859		8660	Promotes decent housing and a suitable living environment.
	EDA I, III, IV, and IX	States, counties, communities, meeting "distress" criteria	396		756	Assists distressed areas in increasing or retaining private sector job opportunities.
	EDA Title II	Business in "distress" areas	96.5	289	63	Encourages or maintains private sector job opportunities in distressed areas.
	EDA Trade Adjustment Asst.	Bus. injured by import competition	95	210	11	Allows firms to adjust to import competition.
Agriculture	Title V Commissions	States in Title V Regions	63		81	Promotes economic development of "lagging" regions.
	FmHA (Com. Facilities & Waste Disposal)	States, political subdivisions which serve rural areas	637.9 <sup>2/</sup>	1,150	435	Promotes development of viable rural communities.
	FmHA (Bus. & Industrial Loans)	Business in rural areas		1,100	210	Facilitates development of private business to improve the economy of rural communities.
	FmHA (Indust. Dev. Grants)	Public bodies in rural communities	10			Facilitates development of private business to improve the economy of rural communities.
National Development Bank		Local development authorities (for businesses) in distressed areas	3,530**	2,665**	232**	Encourages and assists the retention and development of permanent private sector job opportunities and private sector investment in distressed areas.
SBA	Sec. 501, 502	State and local development corporations	32	95	14	Encourages economic growth and prosperity in States and communities.
CSA	Community Economic Development	Community Development Corporations	48		42	Encourages development in urban and rural low income areas.

\*Excludes Steel Loan Guarantee Program, funded with carry-over funds of \$96M.

\*\*Proposed for 1980.

1/ PFT personnel except FmHA which represents man-year equivalent of staff time.

2/ BA for grants and loans.

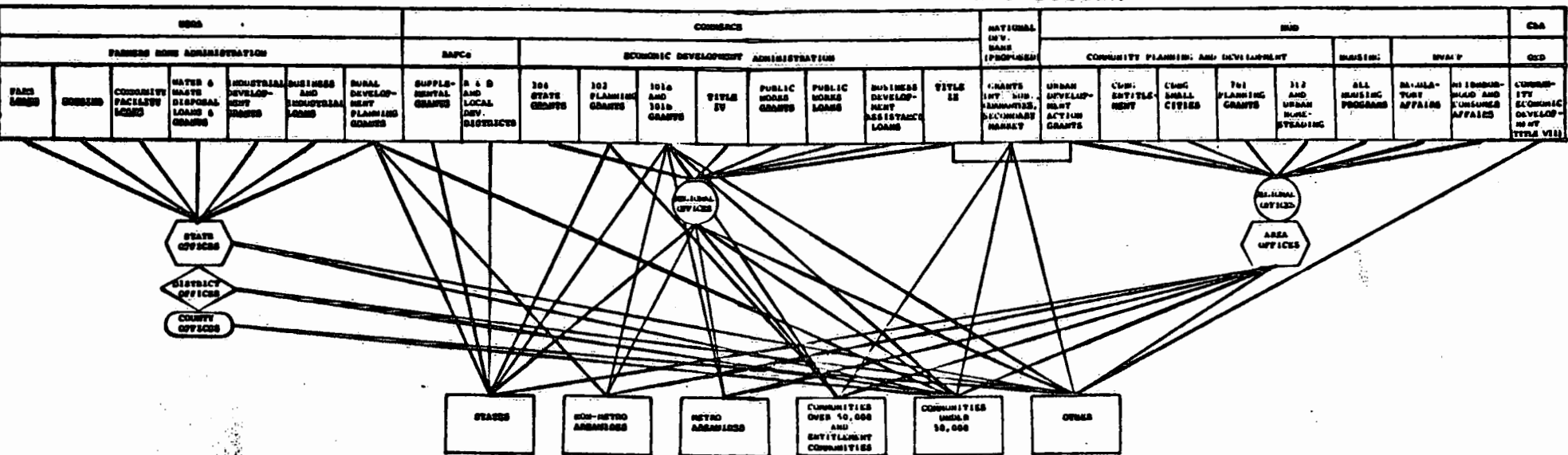
DECEMBER 1978

**FEDERAL ASSISTANCE FOR ECONOMIC AND COMMUNITY DEVELOPMENT**

Agency	Planning Assistance	Economic Development			Community Development
		Economic Development Loans	Economic Development Grants	Technical Assistance	
EDA	Provides grants to develop the comprehensive planning capabilities of State and local governments, multi-county development districts, and EPA designated small geographic areas.	Provides business loans and guarantees to firms that can demonstrate that jobs and income will be created or saved and that there is a reasonable assurance of repayment.	Provides grants for public works activities, revolving local loan funds and operation of a variety of local, area state and multi-state economic development projects.	Provides direct Technical Assistance and grants to a diverse group of State, local public and private institutions, universities, firms, and professional associations.	Provides community development public works grants and loans, planning assistance, and technical assistance.
ELP	Provides grants to develop the comprehensive planning capabilities of State and local governments, and multi-county area planning areas.	None	Provide grants for business-related public works activities and the operation of a variety of local, state and multi-state economic development projects via UMS and CMA.	Provides direct Technical Assistance and grants to a diverse group of State, local public and private institutions, universities, firms, and professional associations.	Provides community development funds for public works planning assistance, technical assistance and operational funds.
ESA (Only Sections 501 & 502 Industrial Loan Programs)	None	Provides via State and local Development Companies funds for business loans and guarantees to firms that can demonstrate that jobs and income will be created or saved and that there is a reasonable assurance of repayment.	None	Provides management and technical assistance to small businesses and funds university centers.	None
ESR (Only Rural Development Programs)	Provides grants to develop the comprehensive planning capabilities of rural communities and multi-county planning bodies. This is provided via the FdR III program and through the Soil Conservation Service's Research, Conservation and Development Program.	Provides loan guarantees to firms that can demonstrate that jobs and income will be created or saved and that there is a reasonable assurance of repayment; rural areas only.	Provides grants to rural areas for development of industrial parks.	Through an extensive field delivery system, an in-depth technical assistance program is made available to State, local public and private institutions, firms and associations.	Provides community development grants for water and waste disposal systems and loans for an assortment of community facilities.
CMA (Only Community Economic Development Programs)	None	None	Provides grant funds to Community Development Corporations which use these funds for investment in for profit businesses that provide employment opportunities.	Provides grant funds to Community Development Corporations which use these funds for provision of Technical Assistance.	Provides grant funds to Community Development Corporations which use these funds for Community Development activities.
Title V Regional Commissions	Provides grants to develop the comprehensive planning capabilities of State Govts. and multi-county planning bodies and development districts, plus special planning activities of the Multi-State Regional Commissions. This is provided via Title V of the Public Works and Economic Development Act of 1965.	None	Provide supplemental public works grants to other basic programs and grants to conduct special demonstration projects of a varied nature.	Provides direct Technical Assistance and grants to State and local governments, multi-state development organizations, private firms and professional associations.	Provides supplemental grants and demonstration projects, planning assistance and technical assistance.
National Development Bank (proposed)	None	Will provide loans, guarantees, and collected subventions to firms that demonstrate that jobs and income will be created or saved and that there is a reasonable assurance of repayment.	Provide grants to businesses as a subsidy to influence their location decisions.	Will provide direct Technical Assistance and grants to State and local governments, multi-state development organizations, private firms and professional associations.	None

Source: President's Reorganization Project

## CURRENT DEVELOPMENT ASSISTANCE DELIVERY SYSTEM



The long term economic development programs have no effective links with employment and training programs that are preparing people for jobs.

- Program procedures conflict.

Each of these many programs has its own funding cycle, its own planning requirements, its own eligibility standards, and its own application process, making coordinated use of Federal tools difficult. For example: EDA, HUD, FmHA and EPA all fund portions of public facilities construction projects, but each agency has a different funding cycle, its own reporting procedures, and its own financial records requirements. HUD requires three-year Community Development and Housing Assistance Plans, EDA an overall economic development plan, and EPA an Areawide Wastewater Management Plan and a Facilities Plan.

- Delivery systems diverge widely.

EDA relies on six regional offices.

HUD has 10 regional offices, 40 area offices, 37 insuring offices and eight valuation stations.

The Title V Regional Commissions rely on the States for development planning and programming, while HUD and EDA largely bypass the States.

The FmHA has 42 State offices and 2,445 county offices.

- Authority does not match responsibility.

The current structure has no organizing principle. Agency responsibilities split neither on geographical nor functional lines. For example:

- The Secretary of Agriculture presumably has responsibility for rural development, yet controls less than 30 percent of all rural development grant funds. Definitions of urban and rural vary from program to program.

- The Secretary of Commerce has nominal responsibility for economic development, but major programs in HUD, CEA, SBA and FmHA are utilized for economic development activities. Further, much of the Department's economic development spending ends up in public facilities.
- The Secretary of HUD is responsible for urban programs, but lacks authority for some key urban assistance programs.

This fragmentation causes real problems including:

- ° Confusion and excessive administrative burden and cost at the State and local level. Each program has its own separate regulations, requirements, and management procedures. This causes tremendous confusion at the local level. Small cities, and rural areas in particular, complain that only cities with extensive grantsmanship operations can sort out the maze and get adequate development funding.
- ° Limited ability to involve the private sector. The number of agencies and procedures to be followed for packaging complex projects results in long lead times before projects can get underway. Private investors often cannot afford to wait. One agency's refusal can jeopardize the project, making businesses reluctant to get "tied up" in government red tape.
- ° Inefficient use of Federal personnel and resources. Opportunities to save administrative costs and use more effectively scarce technical talents now spread among the agencies are being lost. In fact, there is a trend toward further entrenchment of the waste and overlap. Three agencies are expanding staffs to conduct similar economic development functions (FmHA, HUD, and EDA), and a fourth is about to be created (The National Development Bank). HUD is hiring economic development specialists from EDA, while EDA is hiring urban specialists from HUD. Meanwhile, HUD, EDA, and FmHA are reviewing plans and applications from the same communities, often for the same project, and while coordination to minimize this overlap is being undertaken, it is very costly and wasteful.



- Unnecessary rigidity in the system; lack of flexibility to respond to local needs and opportunities; inability to pool and focus limited funds effectively to implement national policy. Each categorical program has a slightly different viewpoint and set of requirements that must be met. Each community must attempt to tailor its strategy to react to the changing mix of often narrow and not always consistent agency viewpoints and corresponding funding levels. Each program has slightly different targeting criteria determining which communities or parts of communities can receive funds.
- Lack of policy focus and direction. Fragmented programs and agency responsibilities make it difficult to devise and implement coherent national policies. No one agency can formulate development strategies that balance the needs of communities of different sizes or set priorities among different types of tools.
- Difficulties in comparing and evaluating the effectiveness of different approaches because of wide variations in data collection and interpretation among programs and agencies. No agency can evaluate the total impact of economic development programs.
- Gaps and overlaps in geographic coverage resulting from the widely different definitions of urban and rural used in different programs and the presence of three different agencies (HUD, EDA and FmHA) providing virtually identical kinds of assistance to smaller communities. With lines of demarcation so blurred (because of the haziness of the underlying demographic distinctions) and responsibilities so confused, some types of communities find themselves sent from agency to agency to get the aid they need.

#### B. Alternatives:

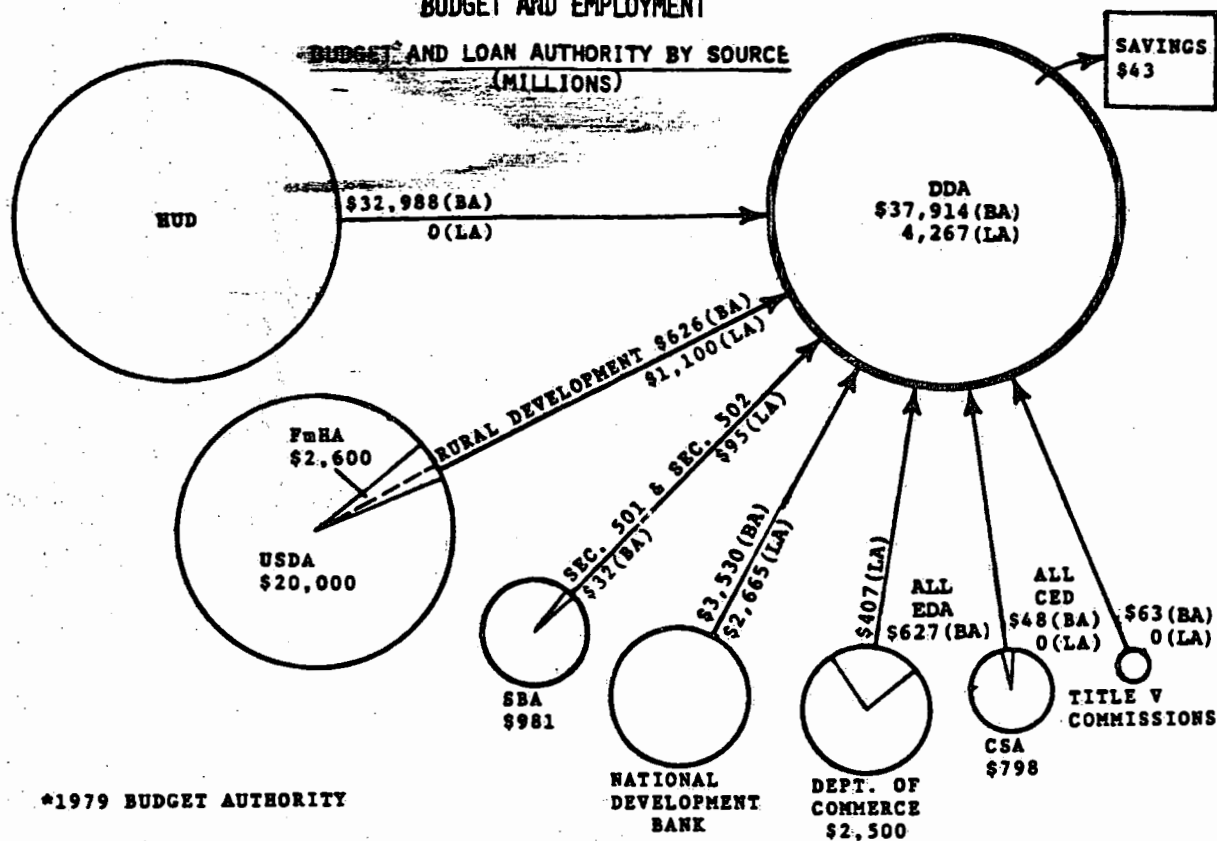
This section discusses two principal alternatives in detail.

##### Alternative 1. Department of Development Assistance

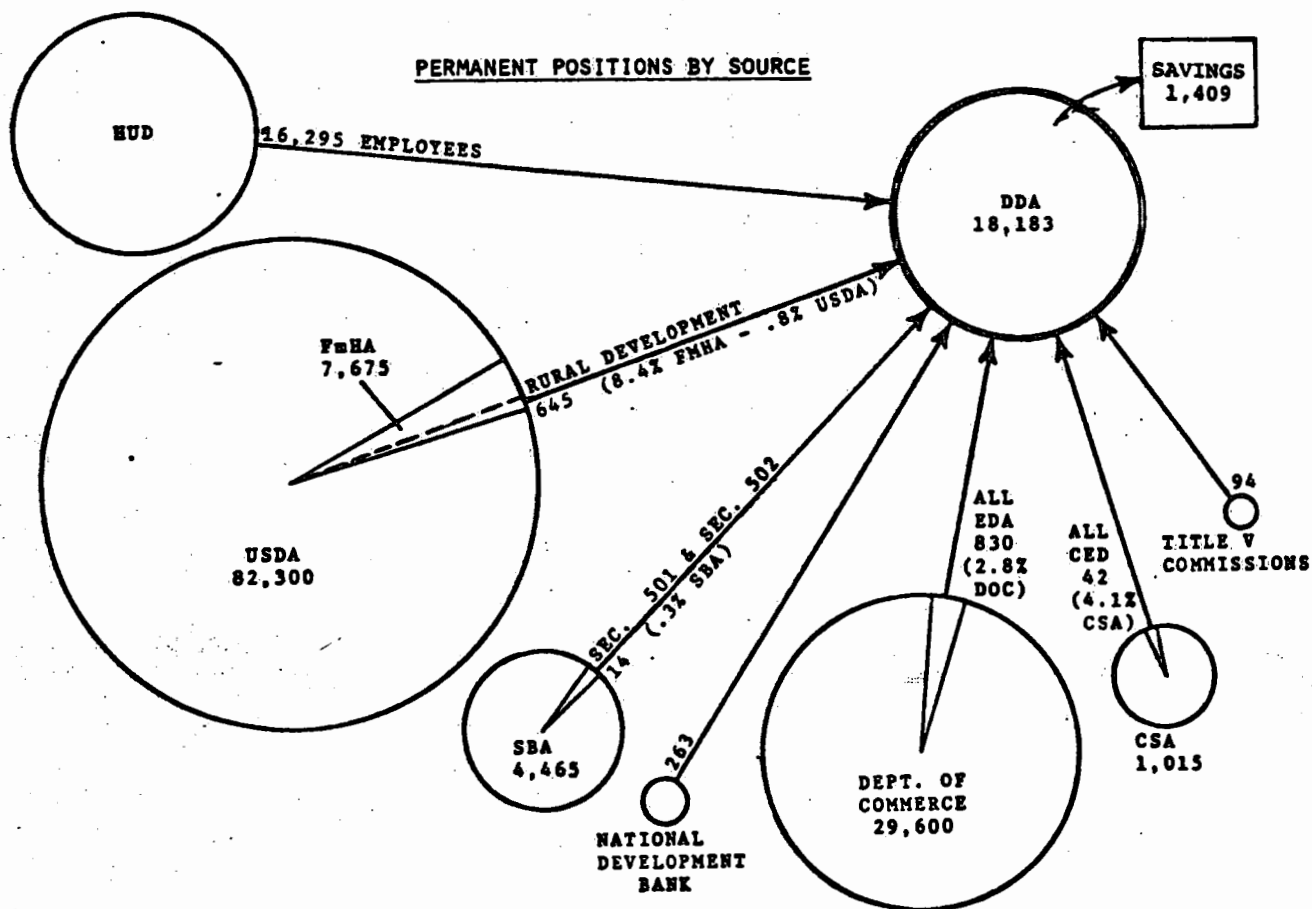
This option combines structural and program reforms to create a Department of Development Assistance (DDA) and streamline important features of Federal development assistance programs.

DEPARTMENT OF DEVELOPMENT ASSISTANCE  
BUDGET AND EMPLOYMENT

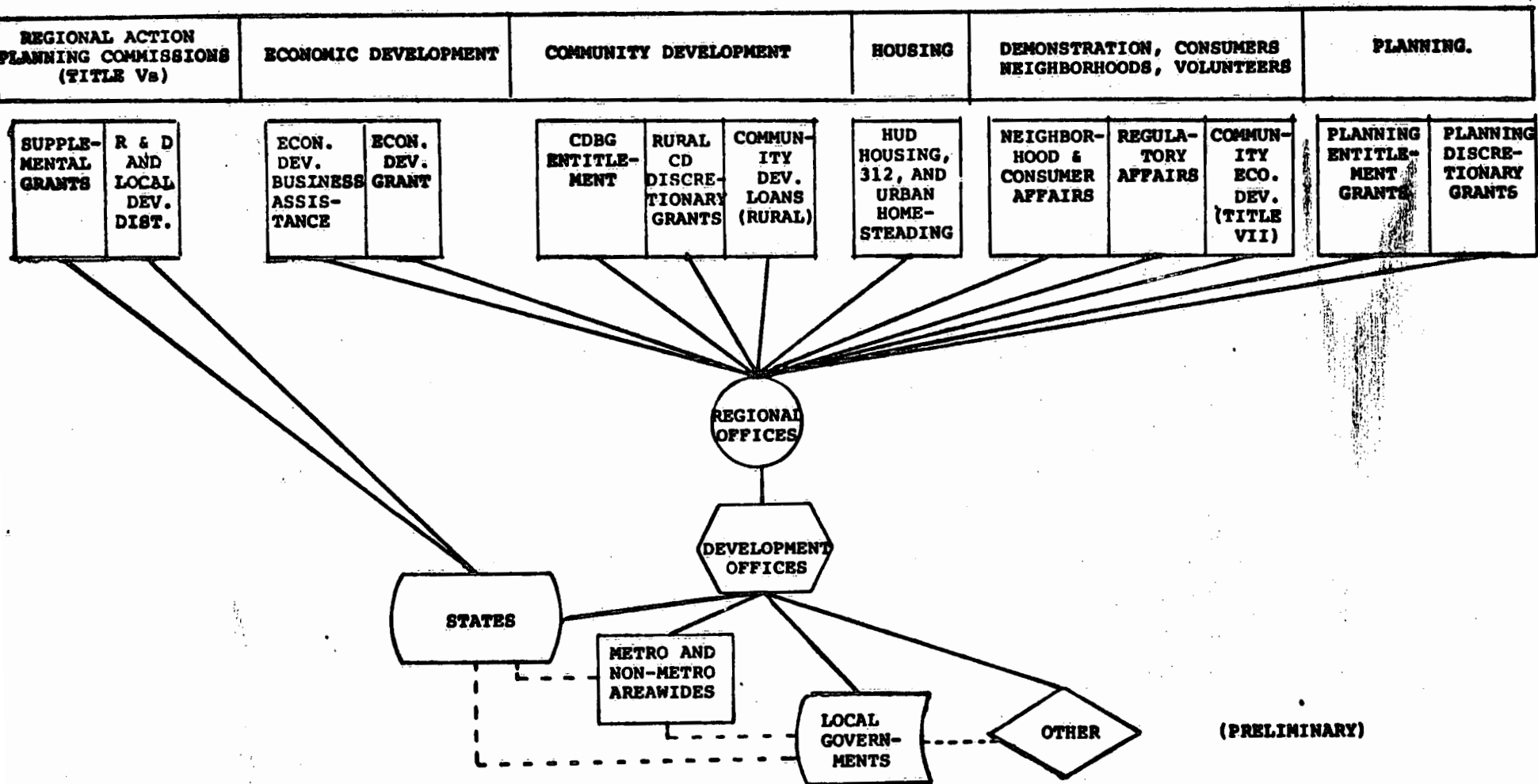
BUDGET AND LOAN AUTHORITY BY SOURCE  
(MILLIONS)



PERMANENT POSITIONS BY SOURCE



## DEPARTMENT OF DEVELOPMENT ASSISTANCE



### Organizational Changes

The Department of Development Assistance would absorb the following Federal program responsibilities:

<u>Current Agency</u>	<u>Programs</u>
Agriculture	Community and economic development programs (non-farm and non-housing) of the Farmers Home Administration*
Commerce	Economic Development Administration Title V Regional Commissions
CSA	Community Economic Development Program
HUD	All programs
SBA	501 and 502 programs (loans to State and local development companies)
National Development Bank (Proposed)	All

These changes would group the major Federal economic development, community development and development planning programs, as well as many of the housing programs in one place.

Within the Department, economic development would be organizationally separated from housing and community development, thus preserving its emphasis on job creation. The Department would establish organizational identities for urban and rural responsibilities. Exhibit VII depicts the transfer of resources and personnel in this option. Exhibit VIII depicts the simplified delivery of Federal development assistance under this option.

---

\* The Farmers Home housing programs could be added to the Department as well, linking them to similar HUD housing programs and bringing into the Department the extensive Farmers Home field structure. We are exploring the pros and cons of including them.

• Programmatic Changes

The creation of the Department of Development Assistance would make possible program changes that would help to solve the problems caused by the current fragmentation. These program changes might be implemented simultaneously with the creation of the DDA or they could be phased in over a period of time. In each case, however, the program change will require some shifting of authority between departments.

- Consolidated Economic Development Assistance Program:

Combine 11 individual economic development grant and loan programs into:

- (1) a consolidated economic development grant program (EDA Titles I, IX, 301 and 304; HUD UDAG; FmHA Industrial Development grants; National Development Bank grants);
- (2) a consolidated economic development loan program building on the proposed National Development Bank. (National Development Bank credit programs; EDA Title II Business loans; FmHA Business and Industry loan guarantee program; SBA 501 and 502 loans to State and local development corporations).

Each of these would be a discretionary program and would be administered by an expanded Economic Development Administration within the Department of Development Assistance.

- Planning Assistance:

Create a single development planning assistance program to replace seven existing planning programs. This program would equip State and local governments to formulate development strategies to get funding from the new department. These strategies would also partly replace the planning requirements of other Federal programs (e.g., transportation, EPA water grants, and employment and training).

- Rural Development:

Create a unified, flexible and more efficient rural community facilities program by merging four existing programs into two:

- One for rural community development loans (FmHA water and waste disposal and community facilities loans); and
- one for rural community development grants (FmHA water and waste disposal grants, and Community Development Small Cities Grants).

The two programs would be administered by a rural community development unit that would form part of the core of the DDA.

- Housing Simplification:

Work with HUD, the Veterans Administration, and FmHA to streamline application forms, appraisal procedures, and related requirements in the housing programs administered by these three agencies.

- Farm Loans:

Transfer SBA's farm lending authority to the Farmers Home Administration in the Department of Agriculture.

- Labor/Economic Development Links:

Create a system of links between the Federal employment and training programs and Federal development assistance programs.

Advantages and Disadvantages

- Combining economic development, community development, and housing offers States, local governments, and businesses one-stop shopping for core development assistance tools.
- Equipping a single Cabinet department with tools to help State and local governments pursue a development strategy, would upgrade job creation as a Federal policy focus.
- Savings to the Federal Government of \$43 million could be achieved and costs for State and local governments would be reduced.

- Combining urban and rural programs in one Department would help to eliminate gaps in coverage while preserving Federal ability to vary programs to suit different needs.
- Consolidating economic development programs and planning assistance programs would simplify the Federal structure and make it more accessible.
- Placing all economic development programs in one department provides a logical home for the National Development Bank and strengthens the Bank proposal by streamlining and consolidating loan programs.
- Consolidating economic development programs allows the Administration to build on the pending EDA reauthorization and use it as a vehicle for consolidating economic development programs.
- Consolidating development planning programs will make it easier for State and local officials to set priorities for development funding and tie Federal decisions to State and local priorities.
- By bringing together technical personnel administering the various development programs, we can make more efficient use of scarce technical expertise at both Federal and local levels.
- But: Opponents would characterize the reorganization as moving EDA to HUD. EDA is considered by many in Congress as responsive and efficient while HUD is regarded as slow-moving and less responsive to Congressional requests.
- Some programs which impact on development would remain outside this department (e.g., DOT, EPA, DOL, SBA) and would continue to require Interagency Coordinating Council coordination, but coordination would be simplified by this option.
- But: Some argue that this proposal breaks the potential organizational link between economic development in the new department, and microeconomic analysis, which would remain at Commerce, although at present little EDA money is co-managed with trade and other microeconomic programs.
- But: Some argue that building on HUD, which has a reputation for excessive regulation and excessive tilt toward social goals, would dilute EDA's business focus. Some argue that economic development would be subordinated to housing concerns in the new department.

- But: Some argue that community and economic development will not necessarily be integrated better because urban community development will still be dispersed by formula while economic development funds are discretionary.
- But: Reorganization always leads to short term disruption and cost.

### Political Assessment

The problems generated by the current program fragmentation are well known and there is wide support for resolving them. Governors (including Carroll, Hunt and Rockefeller) will support this option, especially if they see a greater role for States in non-metro planning and development assistance. Most mayors consulted (like Meier of Milwaukee, Rousakis, President of the League of Cities) support the concept, though they may not commit to active work until after a Presidential decision. Local business interests may support this option, seeing a Department of Development Assistance as providing a more effective stimulus to local economic growth. Civil Rights groups and the urban lobby (e.g., Urban Coalition) should support. Housing interests (e.g., home-builders, mortgage bankers) will support DDA, assuming we maintain the status of housing in the new department.

Rural groups will probably oppose Farmers Home transfers. Some EDA loyalists (among mayors, rural interests, and local development district officials) can be expected to resist the EDA transfer.

Senate: Senators Proxmire, Ribicoff, Percy, Stevenson and Muskie support the proposal. We can expect some opposition from the Public Works (Randolph, Burdick) and Agriculture (Talmadge) Committees, although we are working with the staff to see if an accommodation can be reached. They are concerned that economic development programs will be overwhelmed by the perceived social planning and "red tape" aspects of current HUD programs and lose their identification with rural areas.

House: Congressmen Ashley, Brooks, Horton, Moorhead, Reuss, Bolling, and Rose support this proposal and form the nucleus for a powerful coalition. Congressman Foley may oppose the transfer of parts of Farmers Home. Congressmen Johnson and Roe of the Public Works Committee, may oppose the transfers, although Roe has said he has an open mind.



**Alternative 2: Consolidate Economic Development Programs  
in Commerce Leaving Community Development  
in HUD and USDA.**

This alternative would make a sharp division between economic development programs and community development and housing programs. It would group the major economic development programs together in EDA in Commerce, and leave the community development and housing programs in HUD and FmHA.

° **Organizational Changes**

The expanded Department of Commerce and Economic Development would absorb the following Federal program responsibilities:

<u>Current Agency</u>	<u>Programs</u>
Commerce	All programs
HUD	UDAG
Agriculture	FmHA Business and Industry Loans; FmHA Industrial Development grants
SBA	501 and 502 programs (loans to State and local development companies*)

These changes would group the major Federal economic development programs in Commerce along with trade, technological information and analysis functions.

Within the Department, economic development would remain organizationally separated from the other business assistance, trade, and information functions to preserve its emphasis on job creation in distressed areas. Within the Economic Development Administration there would be an enlarged Development Bank to provide credit assistance to businesses, and a division to provide economic development and public facilities grants to States, communities and other current recipients.

---

\* All SBA programs could be added to this expanded Department as well, linking them to other development loan programs, and further centralizing credit control and delivery. However, some argue that the small business focus would be lost if SBA is not maintained as a separate agency. We are exploring this option.

Exhibit IX depicts the transfer of resources and personnel in this option.

• Programmatic Changes

Like Option 1, this option would make possible the consolidation of Federal economic development programs, but not the other program reforms.

Advantages and Disadvantages

- This option would concentrate economic development program resources at the Federal level, much as Option 1 would. It would thus permit better evaluation of Federal economic development programs, streamline economic development assistance, and provide a home for the National Development Bank.
- The Federal Government could save \$7 million by consolidating scarce technical expertise, and standardizing and simplifying economic development program requirements.
- This option would allow the Administration to build on the pending EDA reauthorization and use it as a vehicle for consolidating economic development programs.
- By separating economic from community development, this option helps to ensure the business focus of economic development programs.
- This option also builds on EDA's reputation for strong management.
- Expanding economic development functions in Commerce increases the potential for targeting economic development funds to ameliorate trade and productivity problems, and vice versa.
- But: Recipients often use community and economic development funds for the same projects and do not distinguish among them in practice. In fact, much of the economic development assistance goes for public facilities.

- But: The inconsistent standards, duplicative requirements and other problems caused by having community and economic development programs in different agencies would persist. In fact, this option would worsen it by pulling economic development out of two agencies where it is combined with community development (FmHA and HUD).
- But: It would be more difficult to consolidate development planning assistance or streamline rural community facilities programs.

### Political Assessment

EDA's reputation among mayors has improved as it has spent an increasing proportion of its funds on city problems, although it is still seen as predominantly a rural agency in the field. Some mayors would support its expansion. Local development officials would support it as well.

The traditional urban coalition would oppose this proposal. Big city mayors and minority groups in particular would oppose any diminution of HUD or placement of the Bank in Commerce. Housing groups would also oppose this option. Governors would prefer a more complete consolidation. Rural groups would not favor transferring any part of Farmers Home.

Senate: The Banking (Proxmire) and Agriculture (Talmadge) Committees would oppose this option strongly, and the Public Works Committee (Randolph) is neutral.

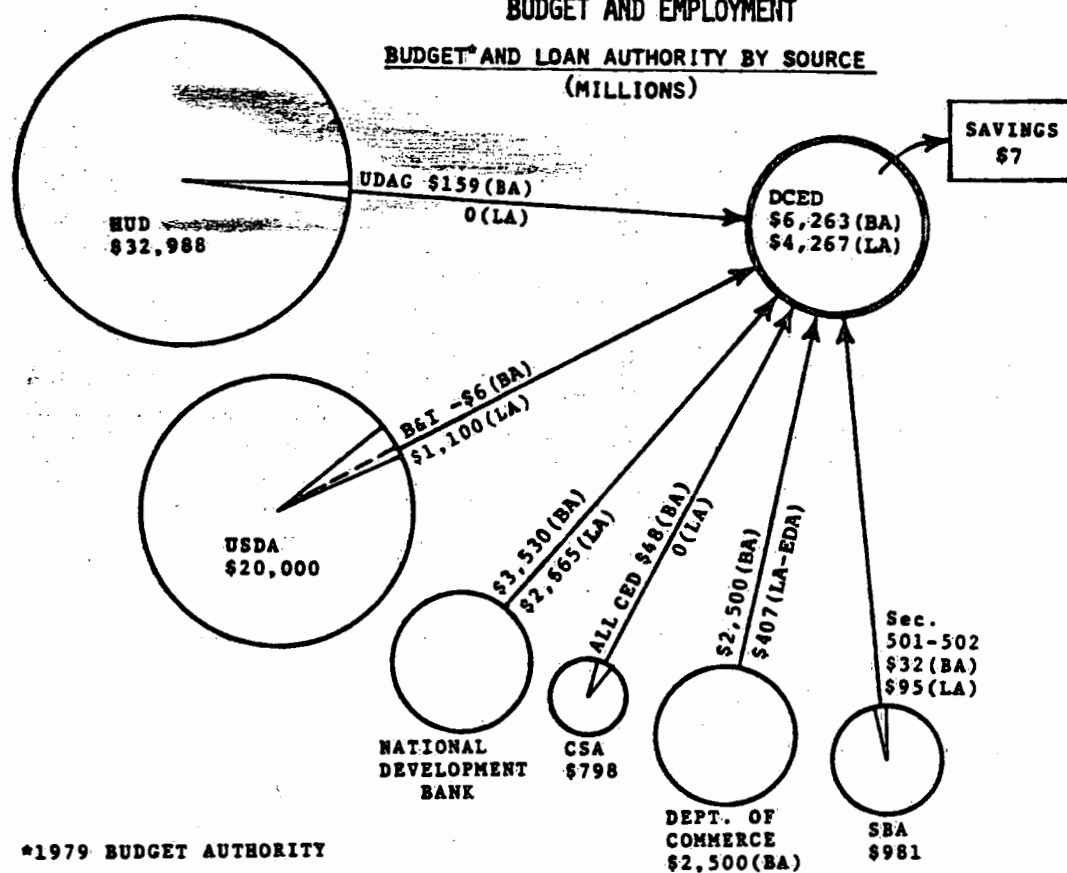
House: The Public Works Committee (Johnson, Roe) would probably support this option. Ashley and the Banking Committee probably would oppose this option, although Ashley has said he is committed to any proposal that would ease the current situation. The Agriculture Committee (Foley) would probably oppose this option.

### Other Alternatives Considered

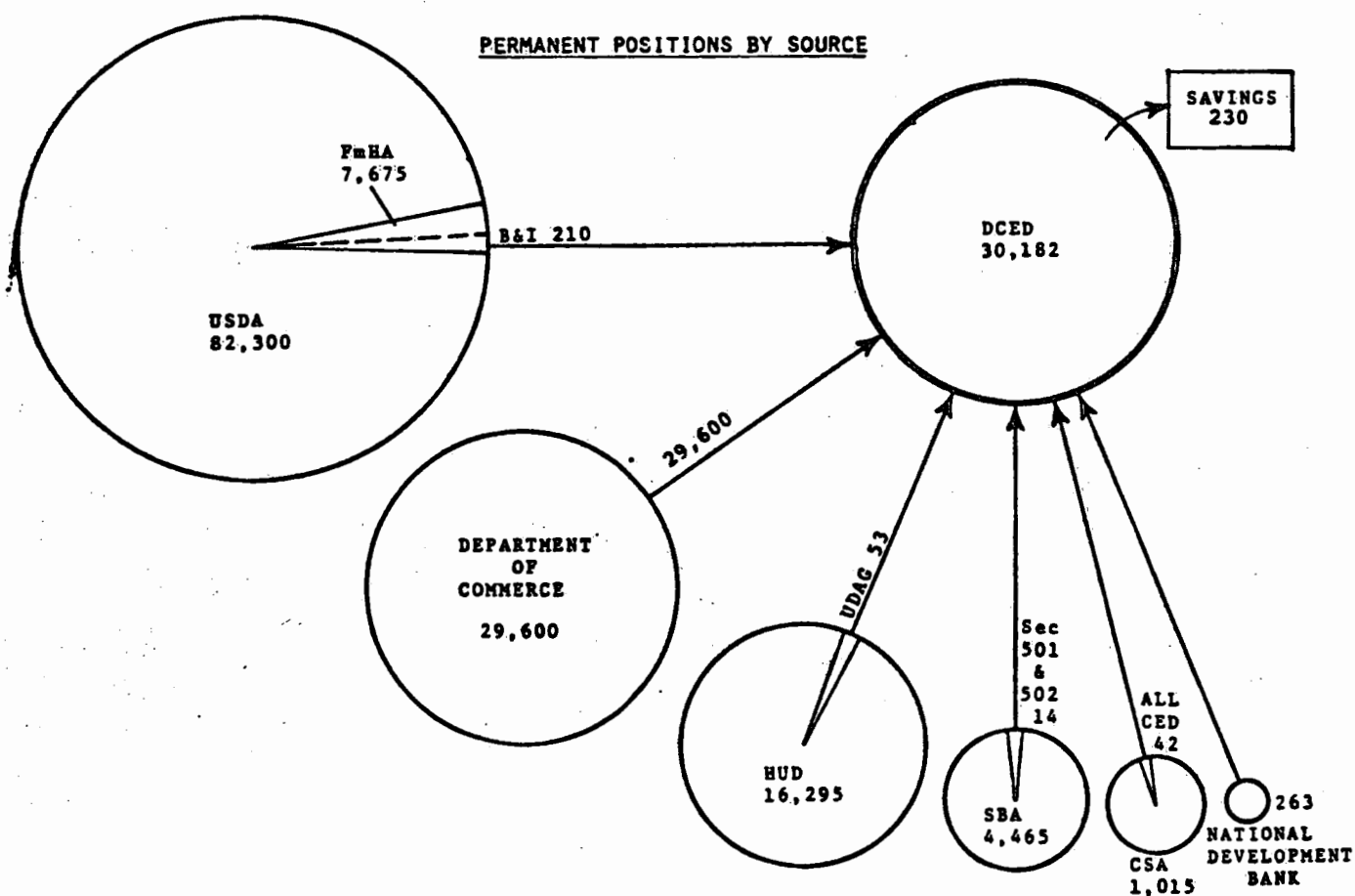
- (a) Seek procedural change only: Some of the problems with Federal development programs could be relieved through better coordination and detailed procedural changes. In fact, the Interagency Coordinating Council has already made a start in this direction. Even if the reforms proposed above were adopted, this mechanism would still be needed to coordinate the numerous agencies and programs untouched by reorganization.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
BUDGET AND EMPLOYMENT

BUDGET AND LOAN AUTHORITY BY SOURCE  
(MILLIONS)



PERMANENT POSITIONS BY SOURCE



To rely on procedural coordination alone, however, seems unpromising. A long history of previous efforts to relieve program and organizational fragmentation through procedural change and coordination demonstrates few lasting successes.

- (b) Create separate Departments of Urban and Rural Development: This option would place all community and economic development programs for rural areas in Agriculture and all community and economic development programs for urban areas in HUD. It would appear to rural groups and achieve some simplification. However, this option would be the most disruptive because it would require that EDA and CDBG each be split in two. It would raise programmatic problems because urban and rural areas are interdependent and because many communities, as their demographics change, would have to shift from one agency to another for funding.
- (c) Create a broader Department of Development Assistance: A number of other programs would fit well within the DDA concept and may be candidates for eventual inclusion. Because they are politically unfeasible or because their links to the agencies in which they now reside are too substantial to disturb, we have not included them in Option 1.
- Employment and Training Administration (Labor)
  - Highway and Transit Programs (Transportation)
  - Wastewater Treatment Construction Grant Program (EPA)
  - Veterans Administration Housing Programs

### III. Food and Nutrition

Our food system is big, complex, and constantly changing. These changes reflect trends in consumer habits, advancing technology, growing knowledge of the relationships between diet and health, and changing world economic conditions. By historical standards the food system has performed well. But new problems and new standards for evaluating the system are emerging.

We now expect the food system to help meet national health goals, aid in world diplomacy, contribute to wise resource use, and help meet other domestic and international needs. The current organizational structure of the Federal Government does not deal adequately with these new expectations and the conflicts that surround them.

The conflicts in the food system are many; farm prices versus retail prices, processing costs versus food safety, product promotion versus nutrition information, resource use versus resource preservation, and food aid and foreign trade versus domestic supplies and costs. Each of these conflicts must be dealt with in forging a food policy. Dealing with them is difficult under the best of circumstances. But the current organizational structure tends to make matters worse. Cabinet and independent agencies tend to be organized (or at least viewed as organized) around clienteles that are on one side or the other in these conflicts. This polarizes views on specific issues, invites extreme arguments, and impedes objective policy-making.

USDA has many food and nutrition programs; so does HEW. But neither has effectively represented the consumer in developing a food and nutrition policy. As a result, we have a weak policy (some would say no policy at all) and even minor program controversies sometimes rise to the White House for resolution.

Nutrition research, education, and surveillance are scattered throughout USDA and HEW and other Federal organizations. There is currently no place within the Federal Government where these important nutrition activities are integrated to develop more consistent and effective Federal programs. The Federal nutrition effort has been criticized as follows:

- It is unresponsive to consumer concerns and long-term public needs.
- It has low status and visibility in the Federal Government.

- ~~It~~ has limited accountability in terms of technical accuracy and appropriateness, as well as measures of effectiveness.
- There is poor coordination among organizations conducting nutrition-related activities.

#### Various Proposals Considered

Because of the need for more consistent national food and nutrition policy, we are considering proposals to increase the emphasis on nutrition research and policy in the Department of Agriculture. Specific organizational changes under consideration are:

- Change the name of USDA to the Department of Food and Agriculture (DFA)
- Clarify the following authorities and responsibilities between DFA and HEW:
  - nutrition research
  - nutrition surveillance, and
  - nutrition education
- Transfer to DFA the fish and wildlife services division of fisheries research in Interior; this would increase DFA's ability to develop and promote fresh water fish production and marketing.
- Leave in DFA the child feeding and nutrition education programs rather than transfer them to the new Department of Education.

We have also considered the following programs but have tentatively decided against recommending them for transfer:

- FDA's Bureau of Foods, presently in HEW
- The alcohol labelling authority, presently in Treasury's Bureau of Alcohol, Tobacco and Firearms
- Various fisheries and aquaculture programs in NOAA.

Enhancing consumer and nutrition functions in a separate and clearly identifiable unit in a Department of Food and Agriculture has the following advantages:

- Permit conflicts between food and nutrition policy and commercial agriculture (over food safety, price, labelling, chemical additives, etc.) to be worked out within a department.
- Provide a close relationship between nutrition research and farm production decisions.
- Give the Secretary of the DFA greater balance among his production and consumer constituency groups.
- Provide a strong Cabinet voice for a national food and nutrition policy.

Some of the disadvantages of this proposal are as follows:

- Despite the internal reorganization suggested above, there is concern that USDA's strong commodity and production interest will overwhelm consumer-oriented food and nutrition activities.
- HEW may be a more appropriate lead agency for nutrition policy because of the relationship between nutrition research and education and other health research and promotion activity within the department.
- USDA's conservative grower constituency may strongly object to any increased emphasis on nutrition programs in the Department of Agriculture.

#### Political Assessment

This proposal to create greater balance between consumer and producer interests in a renamed Department of Food and Agriculture is strongly supported by Secretary Bergland. Esther Peterson also endorses it, as do leaders of the agriculture committees in the House and Senate. Consumer groups will also endorse this initiative. Joe Califano will probably object to it, on the basis that HEW is better qualified to do health-oriented nutrition research and that nutrition policy will always be subordinated to commodity interests in the DFA.



Giving the Agriculture Department this enhanced role in nutrition policy may be helpful to natural resources and development assistance reorganization. It is important to indicate that transfer of the Forest Service and portions of the Soil Conservation Service and Farmers Home Administration is not meant to downgrade or weaken the Department. Giving the Department the lead role in an increasingly important policy area may help to relieve this concern.

#### IV. Department of Commerce

##### A. The Problem

Our study of economic policymaking in the Executive Branch has pinpointed critical deficiencies in our ability to effectively promote trade and to perform quality microeconomic (sectoral) analysis. In both areas, program fragmentation is a major cause of the problem. There has also been widespread comment that the disparate and unrelated activities of the Commerce Department today hinder its effectiveness because of a lack of organizational focus. Exhibit X describes the Federal trade, economic and business assistance programs and Exhibit XI depicts the organizational fragmentation.

- ° Strong sectoral analysis is not available for decisionmaking.

No one agency has the tools to analyze sectors of the economy. Although the Council on Wage and Price Stability is assembling a temporary staff to monitor the activities of about 400 large firms for the anti-inflation program, no permanent center exists. Resources are scattered across the government devoted to particular industries and problems. Their work is uncoordinated, leaving large gaps in coverage, little capacity to anticipate future problems (such as material shortages), and little ability to target resources on particular problems (such as the impact of government regulation in specific industries).

Agency	Sectoral Analysis	Impact of Regulation	Foreign Trade	Productivity Growth	Business Services
<b>COMMERCE</b> (Science & Technology, Industry & Trade Adm., Patent Office, MARAD, Census, BEA)	Collects and analyzes data on U.S. industries (production, consumption, capacity, etc.).		Provides U.S. Bus. with information services; arranges overseas sales events, trade promotions. Coordinates East-West trade promotions.	Conducts research into basic properties of materials; promotes use of available technology. Conducts Tech. Incentives Program.	Provides assistance and information on Fed. programs to business through network of field offices.
<b>INTERNATIONAL TRADE COMMISSION</b>	Studies industries affected by imports.		Recommends on tariff and non-tariff issues.		
<b>TREASURY</b> (Bureau of Commodities & Natural Resources, Office of Foreign Assets Controls, Office of Tariff Affairs, Office of International Affairs)	Studies internationally traded commodities, such as bauxite, coffee, copper, tin, etc., to back up U.S. international commodity policies.		Policy guidance for direct international investment; East-West trades; and Export-Import Bank. Embargo enforcement. Anti-dumping; counter-vailing duties.		
<b>INTERIOR</b> (Bureau of Mines - Sectoral Analysis)	Compiles and analyzes information on mineral resource development (incl. exploration, production, prices, and trade).				
<b>EXPORT-IMPORT BANK</b>			Aids financing to promote U.S. exports.		
<b>SMALL BUSINESS ADMINISTRATION</b>					Loan assistance programs; management programs.
<b>SPECIAL TRADE REPRESENTATIVE</b>			Trade negotiations.		
<b>STATE</b> (Commercial Attaches)					Information about business opportunities for U.S. firms

Department or Agency	Office	Clients	Budget (M)	Personnel	Mission
International Trade Commission	All	Business community, U.S. trade representatives, Fed. Agencies	13.1	395	Studies industries affected by imports and recommends remedial actions.
Treasury	Bur. of Com. modities & Natural Resources	Businesses dealing in certain commodities	1.4	31	Studies trade commodities to develop and recommend U.S. trade policy.
	Tariff Affairs	Business community	.3	12	Monitors imports and prices and recommends anti-dumping actions.
	Int'l Trade & Investment	Ex-Im Bank, business community	.4	15	Provides policy guidance for U.S. investments, East-West Trades, Ex-Im Bank.
	Foreign Assets Controls	Business community, U.S. interests	.2	10	Enforces embargoes.
Interior (Bureau of Mines)	Sectoral Analysis	U.S. mining interests	1.7	48	Monitors and performs economic analysis on mining industries.
Commerce	Industry and Trade Admin.	Small and medium-sized businesses	43.0	1005	Promotes exports and provides assistance to domestic business.
	Bureau of Economic Analy.	Government, business, academe	14.5	490	Prepares and interprets nat. income, & product, regional, interindustry and int'l accounts.
	Census	Government, business, academe	288.0	4000	Collects, tabulates and publishes statistics on population, industry, governments, transportation.
	OSBE	Minority businesses	50.0	230	Promotes establishment and strengthening of minority businesses.
	Science & Technology	Business, academe, science community	94.3	1887	Manages U.S. weights and measures system and performs basic and applied research.
	Patent Office	Inventors, business community	14.7	2894	Encourages innovation by protecting economic interests of investors.
	MARAD	Ship owners, operators, unions	670.0	1400	Subsidizes and promotes U.S. shipping.
	EDA Trade Adj. Asst.	Firms injured by imports	95.0	20	Provides financial and technical assistance to firms injured by imports.
Export-Import Bank	All	Exporting businesses	13.5 (5.3 B Loan Program)	430	Promotes and finances U.S. exports.
Small Business Administration	All	Small and medium-sized businesses	949.0	4451	Provides financial and technical assistance to U.S. businesses.
Special Trade Representative	All	Trading partners, industry	2.7	41	Administers the trade agreements program and directs U.S. trade negotiations.
State	Commercial Attaches	Business community, Federal agencies	21.8	175	Fosters and provides assistance to U.S. business abroad.

• Federal trade machinery lacks leadership and consistency.

No one official can provide leadership in trade policy, set priorities or deal effectively with trading authorities of other nations. In fact, Federal agencies often work at cross purposes. In one case, for example, the STR was negotiating orderly marketing arrangements on color televisions with Japan while Treasury was in the process of developing anti-dumping duties. In another case, Treasury was working to protect the American steel industry from increasing imports, while the Export-Import Bank was negotiating to finance sales to Trinidad and Tobago of steel mill equipment to produce steel exports destined for the U.S. market.

• Business services are provided by several agencies which duplicate services and compete with each other.

The system is wasteful, with hundreds of duplicative field office personnel. It is also confusing to businessmen, who must cope with the Small Business Administration, the Office of Minority Business Enterprise, or the Industry and Trade Administration (Commerce) depending on the nature of the problem and where the funds are available.

B. Options

The case for improving economic policymaking capacities of the Executive Branch must be examined in the context of the other reorganization options discussed earlier. The effect of establishing the Departments of Natural Resources and Development Assistance, is to remove about half the Department of Commerce staff and budget. Our natural resources, local development, and economic policymaking studies converge to require a careful reexamination of the future of the Department of Commerce.

We have completed sufficient analysis to identify several credible Commerce Department options. Each has pros and cons -- substantive and political. None, however, has been sufficiently explored within the Executive Branch or with Congress and interest groups to warrant a recommendation now. We plan to review each of these options intensively over the next several weeks. We will have a recommendation to you regarding the

Commerce Department by the end of January. The following options are under consideration:

1. Department of Commerce and Trade

A new Department of Commerce and Trade (DCT) would build on the present Department of Commerce (except for the National Oceanic and Atmospheric Administration and the non-trade related functions of the Economic Development Administration). It would include the Special Trade Representative (now in the Executive Office of the President), the Small Business Administration, two independent agencies (the Export-Import Bank and the International Trade Commission), and functions from the Treasury, State and Interior Departments (such as sectoral analysis, anti-dumping and countervailing duties, and commercial attaches).

2. Department of Trade and Economic Development

Should you decide to separate community development and economic development and make Commerce the economic development agency, you might also decide to enhance Commerce as a trade agency. These decisions would result in creating a Department of Trade and Economic Development.

3. Retain the Commerce Department as is

Better coordination of functions could be accomplished through an Executive order establishing appropriate coordination mechanisms. For example, the Interagency Trade Policy Committee chaired by the Special Trade Representative, could be given expanded authority within the Executive Branch. Without its public works and oceans and weather responsibilities, the Department could focus on its business policy functions and traditional corporate constituency.

## V. Implementation and Next Steps

### A. Using Reorganization Authority

As you know, reorganization authority cannot be used to abolish a Department or all of its functions. It can, however, transfer parts of Departments and be used to rename Departments. To save time and political capital, we want to do as much as possible by reorganization plan. Using plans to accomplish reorganizations of this magnitude will fulfill expectations created when we sought reorganization authority from Congress in 1977. Up to now we have used the authority for only small efforts. After talking with leaders in the House and Senate, we are confident we can overcome any legal or political arguments against using plans for this purpose.

Two plans will be required to implement major natural resource and local development reorganization. If you decide to strengthen trade functions in a new Department of Trade and Commerce, a third plan will be necessary later in the year. Regular legislation will be required to carry out the program consolidations suggested in the Development Assistance proposal. The most important of these consolidations can be made a part of legislation to reauthorize the Economic Development Administration which will be pending this Spring.

### B. State of the Union Announcement

If you decide to approve major reorganization proposals, we believe they should be part of the State of the Union Announcement, for these reasons:

- (1) The cost savings, personnel reductions, program simplification, and reduction of red tape which are objectives of the plan should have broad, popular appeal and fit well with the economy/anti-inflation themes planned for your address.
- (2) Taken in conjunction with education reorganization, these proposals will provide impressive evidence that this Administration has the vision to create a government structure appropriate to future challenges. This may provide some balance to the retrenchment implications of inflation fighting and budget cutting.

### C. Other Reorganization Projects

Several other plans are also being prepared -- including recommendations on consolidation of foreign assistance programs, consolidation of UMTA and the Federal Highway Administration, and consolidation of Inspection Authority for the Alaska Natural Gas Pipeline. We will have to schedule these as time permits next year, with a clear understanding that our chief emphasis must be on education and major reorganization plans.

THE WHITE HOUSE  
WASHINGTON

*Hager - Leong*

- a) Pol costs - major - high  
comp. bus. constituent groups
- b) Will coop after decision  
don't move EDA - it's good now  
Dev Bk. in EDA recent legis  
don't divide EDA
- c) NOAA - ocean issues are commercial  
international questions

*Trade:*

*MTN important - expand exports  
OPIC - Ex Im - SBA(?) - STR(?)  
USec for Trade*

Electrostatic Copy Made  
for Preservation Purposes



THE WHITE HOUSE  
WASHINGTON

Harris Reorg

No turf fight

what's best vs what's <sup>right</sup> best

DDA is best = this or none

don't separate comm & econ dev

Hud,  
OMB  
agree

now quite flexible = block grant

40A6 (\$400mil)

don't sep rural & urban dev

Housing & Com Dev = disagree - OMB

don't slice off private loans/grants

No private/public split. M, Labor  
agree

= Cabinet (less Tamar) support DDA

4 Dev Bank loans ≠ business

- For trade, protection of spec ind - not  
local econ dev issues

= Dev Bank. not go again

THE WHITE HOUSE  
WASHINGTON

Andrus - Reorg - DNR  
Year to put together  
St of Union - Plan + 60 days  
Preempt opposition  
Jackson → START II  
Doable on hill  
Probs - Foley ~ forestry  
Small, indep forestry ind (+)  
Large ones (-) = fear Cace rethinks, etc  
Corps of Eng.  
NOAA - no polit prob.

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON

1/15/79

Hugh Carter  
Marty Beaman

The attached was returned in  
the President's outbox today  
and is forwarded to you for  
your information.

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

1/12/79

Mr. President:

The second "final report" on the 1979 White House CFC Campaign indicates that after receiving notes from you, the offices of: Mary Hoyt, Landon Kite, Bob Lipshutz, Jack Watson, Burton Wides and Phil Wise achieved 100% participation.

Rick

THE WHITE HOUSE

WASHINGTON

January 11, 1979

*Very good  
work  
J. C.*

MEMORANDUM FOR THE PRESIDENT

FROM: MARTY BEAMAN *MB*

SUBJECT: COMBINED FEDERAL CAMPAIGN  
FINAL REPORT - 1979

I have attached a copy of the 1979 Combined Federal Campaign final report which indicates that the White House Office had 95% participation with an average gift per capita of \$63.47 for a total sum collected of \$22,282.35.

The amount collected surpasses the 1978 Combined Federal Campaign for the White House Office, although this year we had substantially fewer employees from which to collect. During last year's Combined Federal Campaign, there was 85% participation with an average gift per capita of \$51.67.

It was a pleasure to assist Hugh Carter, as Vice Chairman of the Combined Federal Campaign, and I wish to thank you for your personal assistance and expression of support.

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

January 11, 1979

MEMORANDUM FOR:

DEPARTMENT HEADS

FROM:

MARTY BEAMAN *NB*

SUBJECT:

COMBINED FEDERAL CAMPAIGN  
FINAL REPORT - 1979

It is with pleasure that I report the final results of the 1979 Combined Federal Campaign for the White House Office, which reflects that we had a 95% participation with an average gift per capita of \$63.47 for a total sum of \$22,282.35. This surpasses last year's Combined Federal Campaign not only in the total amount collected, but in the percentage of participation and average gift per capita.

The percentages of participation within the White House Office were as follows:

<u>OFFICE</u>	<u>PERCENTAGE</u>
Joe Aragon	100
Dr. Brzezinski	100
Hugh Carter	100
Stu Eisenstat	100
Richard Harden	100
Mary Hoyt	100
Rick Hutcheson	100
Bob Manning	100
Louis Martin	100
Frank Matthews	100

<u>OFFICE</u>	<u>PERCENTAGE</u>
Frank Moore	92
Richard Pettigrew	100
Jody Powell	100
Jerry Rafshoon	100
Ham Jordan	73
Landon Kite	100
Tim Kraft	65
Phil Larsen	100
Bob Linder	100
Bob Lipshutz	100
Jack Watson	100
Sara Weddington	50
Anne Wexler	100
Burton Wides	100
Nancy Willing	100
Phil Wise	100

Thank you once again for your excellent cooperation and assistance in making this a successful campaign.

Cy:

President Jimmy Carter.


THE WHITE HOUSE

WASHINGTON

December 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER 

SUBJECT:

Combined Federal Campaign Final Report

Attached is a copy of the final report on White House performance in the Combined Federal Campaign this year.

Marty Beaman was our chairman this year and did a fine job. The total collected this year (\$21,718.85) was virtually the same as last year (\$21,962.00), but we have about 100 less staff members this year.



6809

THE WHITE HOUSE

WASHINGTON

November 28, 1978

MEMORANDUM FOR

HUGH CARTER

FROM

MARTY BEAMAN *MB*

SUBJECT

CFC FINAL REPORT - 1979 CAMPAIGN

Sonny,

I have enclosed the original and one copy of the final CFC report for the White House Office. As indicated in the enclosed, there was 87% participation with an average per capita gift of \$62.05 for a total sum of \$21,778.85.

This compares favorably with last year's campaign of 85% participation with an average per capita gift of \$51.67 for a total sum of \$21,962.00

Both of the CFC campaigns during the Carter administration are most favorable when compared to the 1976 and 1977 campaigns during which \$11,185.00 and \$9,011.00 were respectively collected.

As I have advised the department heads and CFC keyworkers, you, as Chairperson of the CFC, will brief the President on the final results.

THE WHITE HOUSE

WASHINGTON

November 27, 1978

MEMORANDUM FOR DEPARTMENT HEADS AND CFC KEYWORKERS  
FROM MARTY BEAMAN *MB*  
SUBJECT CFC FINAL REPORT - 1979 Campaign

It is with pleasure that I report that although the White House Office did not reach its ambitious goal of \$30,000.00 and 100% participation, we did have 87% participation with an average gift per capita of \$62.05 for a total sum of \$21,778.85. This compares favorably to last year's CFC where there was 85% participation with an average gift per capita of \$51.67.

Hugh Carter, as Vice Chairperson of the CFC, will brief the President on the final results of the campaign within the White House.

The percentages of participation within the White House Offices are set forth below:

<u>Office</u>	<u>%</u>	<u>Office</u>	<u>%</u>
Joe Aragon	100	Bob Manning	100
Dr. Brzezinski	100	Louis Martin	100
Hugh Carter	100	Frank Matthews	100
Stu Eisenstat	100	Frank Moore	92
Richard Harden	100	Richard Pettigrew	100
Mary Hoyt	63	Jody Powell	100
Rick Hutcheson	100	Jerry Rafshoon	100

<u>Office</u>	<u>%</u>	<u>Office</u>	<u>%</u>
Ham Jordan	73	Jack Watson	92
Landon Kite	86	Sara Weddington	50
Tim Kraft	65	Anne Wexler	100
Phil Larsen	100	Burton Wides	0
Bob Linder	100	Nancy Willing	100
Bob Lipshutz	89	Phil Wise	73

Thanks for your excellent cooperation and assistance in making this a successful campaign.

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Mary Hoyt

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,  
Jimmy*

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Frank Moore

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,*  
*Jimmy*

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Hamilton Jordan

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,  
Jimmy*

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Landon Kite

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,*  
*Jimmy*



THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Tim Kraft

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,*  
*Jimmy*

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Bob Lipshutz

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,*

*Jimmy*

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Jack Watson

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,*

*Jimmy*

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Sarah Weddington

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

Thanks,  
Jimmy

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Burton Wides

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,  
Jimmy*

THE WHITE HOUSE

WASHINGTON

December 6, 1978

To Phil Wise

Most of the White House offices were  
100% contributors to the Combined Federal  
Campaign.

Please make a personal effort to bring  
your staff contributions up to this  
standard this week.

*Thanks,  
Jimmy*

THE WHITE HOUSE  
WASHINGTON

1/15/79

Tim Kraft  
Arnie Miller

The attached was returned in  
the President's outbox today  
and is forwarded to you for  
appropriate handling.

Rick Hutcheson

FOR ACTION  
FYI

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

VICE PRESIDENT

JORDAN

EIZENSTAT

☒ KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

☒ MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY



1/8/79

THE WHITE HOUSE

WASHINGTON

January 2, 1979

*(Handwritten mark)*

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*

ARNIE MILLER *AM*

SUBJECT:

President's Committee on the National Medal of Science

The President's Committee on the National Medal of Science was created by Executive Order to recommend to the President individuals for the award of the National Medal of Science. This is the Nation's highest award for outstanding accomplishments in science and engineering.

The Committee is made up of twelve members appointed by the President. The terms of nine members have expired. Frank Press and his staff have compiled a list of recommendations with which we agree. With the appointment of the new members, the Committee will have three women and one Black. There will be four from the West, six from the East, one from the South, and one from the Midwest.

From among the list, we recommend that you designate Dr. Mary Lowe Good as Chairperson. Dr. Good is professor of chemistry at the University of New Orleans. She is one of the outstanding women chemists in the country and is currently Chairperson of the Board of Directors of the American Chemical Society, one of the Nation's largest professional science organizations.

**Electrostatic Copy Made  
for Preservation Purposes**

RECOMMENDATION:

Appoint the following slate as recommended by Frank Press as members of the President's Committee on the National Medal of Science:

W. Dale Compton (Dearborn, Michigan): Vice President of Research, Ford Motor Company.

Carl Djerassi (Stanford, California): Department of Chemistry, Stanford University.

Mary Lowe Good (New Orleans, Louisiana): Boyd Professor of Chemistry, Department of Chemistry, University of New Orleans.

Leon Max Lederman (New York, New York): Eugene Higgins Professor of Physics, Columbia University.

Calvin C. Moore (Berkeley, California): Department of Mathematics, University of California.

Dorothy M. Simon (Greenwich, Connecticut): AVCO Corporation.

John B. Slaughter (Washington, D.C.): Assistant Director, Astronomical, Atmospheric, Earth, and Ocean Sciences, National Science Foundation.

Steven Weinberg (Cambridge, Massachusetts): Department of Physics, Harvard University.

John R. Whinnery (Berkeley, California): Department of Electrical Engineering and Computer Sciences, University of California.

☒ approve ☐ disapprove

Designate Mary Lowe Good as Chairperson of the President's Committee on the National Medal of Science.

☒ approve ☐ disapprove

# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
resume	Compton, 2 pages	undated	C
resume	Good, 2 pages	undated	C
resume	Lederman, 2 pages	undated	C
resume	Moore, 2 pages	undated	C
resume	Simon, 2 pages	undated	C
resume	Slaughter, 2 pages	undated	C

## FILE LOCATION

Staff Secretary Handwriting 1/15/79 C17

## RESTRICTION CODES

- (A) Closed by applicable Executive Order governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

Carl Djerassi

Department of Chemistry  
Stanford University  
Stanford, California 94305

Age: 55

Education

1942 A. B., Kenyon College

1945 Ph.D., University of Wisconsin

Experience

1959- Professor of Chemistry, Stanford University

1952-59 Associate and Professor of Chemistry, Wayne State University

1949-52 Associate Director, Chemical Research, Syntex, Mexico, S. A.

1945-49 Research Chemist, Ciba Pharmaceutical Products, Inc.

Public Service and Other Data

Vice President, Syntex, S. A. (1957-60);

President, Syntex Research Division (1968-72);

Chairman of the Board, Zocom Corp. (1969- );

Chairman of the Board, Scientific and International Technological  
Development;

National Academy of Sciences;

Pure Chemistry Award, American Chemical Society (1958);

Backeland Medal (1959);

Fritzsche Medal (1960);

Chemistry Invention Award (1973);

Carl Djerassi, Page 2

Intrascience Research Foundation Award (1970);  
Freedman Patent Award, American Institute of Chemists (1971);  
Chemical Pioneer Award (1973);  
National Medal of Science (1973);  
Perkins Medal, Society of Chemical Industries (1975);  
Foreign member Royal Swedish Academy of Science;  
American Chemical Society

Honorary Degrees

1953 Doctor of Science, National University of Mexico  
1958 Kenyon College  
1969 Federal University of Rio de Janeiro  
1972 Worcester Polytechnic Institute  
1974 Wayne State University  
1975 Columbia University

Research and Publications

Author or co-author of several books and over two hundred scientific publications in the field of chemistry. Research has involved optical rotatory dispersion, mass spectrometry, and chemical synthesis of drugs including oral contraceptives and antiinflammatory agents.

Personal Data

Born Vienna, Austria, October 29, 1923 (naturalized)  
Married 1943, two children

# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
resume	Compton, 2 pages	undated	C
resume	Good, 2 pages	undated	C
resume	Lederman, 2 pages	undated	C
resume	Moore, 2 pages	undated	C
resume	Simon, 2 pages	undated	C
resume	Slaughter, 2 pages	undated	C

## FILE LOCATION

Staff Secretary Handwriting 1/15/79 C1

## RESTRICTION CODES

- (A) Closed by applicable Executive Order governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

Weinberg, Steven

Department of Physics  
Harvard University  
Cambridge, Massachusetts 02138

Age: 45

### Education

1954 B. A., Cornell

1954-55 Postgraduate Copenhagen Institute for Theoretical Physics

1957 Ph.D., Princeton

### Experience

1973- Higgins Professor of Physics, Harvard University

1969-73 Professor of Physics, Harvard University

1967-69 Visiting Professor of Physics, MIT

1965-69 Professor of Physics, University of California, Berkeley

1960-69 Member faculty, University of California, Berkeley

1959-60 Research physicist Lawrence Radiation Lab, Berkeley

1957-59 Research associate, instructor, Columbia

### Public Service and Other Data

Senior Scientist Smithsonian Astrophysics Lab (1973);

Consultant, Institute for Defense Analysis (1960-73);

U. S. Arms Control and Disarmament Agy. (1970-73);

Sloan fellow (1961-65);

Loeb lecturer in physics, Harvard (1966-67);

J. Robert Oppenheimer Memorial Prize (1973);

Chair in Physics, College de France (1971);

Richtmeyer Memorial Lecturer (1974);

Steven Weinberg, Page 2

Scott Lecturer, Cavendish Lab (1975);

Member, AAAS;

American Physical Society;

National Academy of Sciences;

American Astronomical Society;

Council of Foreign Relations

#### Honorary Degrees

1973 A. M. Harvard

#### Research and Publications

Author of several books and scientific articles in the theory of gravitation, cosmology, general relativity and quantum field theory.

#### Personal Data

Born New York City May 3, 1933

Married 1954, one child



*Continued Changes*

*Page - 107*

VOL. XIII P. 294

Records  
PV (EOP)  
PV (RO)  
Handbook  
Gen, Index

PRESIDENT'S COMMITTEE ON THE NATIONAL MEDAL OF SCIENCE

~~A continuation of Committee of same name  
established by E.O. 10961 of Aug. 21,  
1961~~

Independent

*ADD*

AUTHORITY: Executive Order No. 11287, June 28, 1966  
Section 2.  
Executive Order 11502, Dec. 22, 1969  
Executive Order 11734, July 30, 1973  
Appointed by the President and Ex Officio.

E. O. 11827, Jan. 4, 1975

METHOD:

MEMBERS: Twelve appointive members and the President of the National Academy of Sciences.  
~~The President's Science Adviser ex-officio~~  
The Science Adviser ex officio.

CHAIRMAN: The President shall designate one of the Members of the Committee as Chairman.

TERM: Three years or for balance of unexpired term of predecessor. Member may be reappointed for one additional term of three years. Of the first Members appointed, four shall serve until December 31, 1966, four until December 31, 1967, and four until December 31, 1968.

SALARY: No compensation, but the National Science Foundation is authorized to pay travel expenses and per diem.

PURPOSE: The Committee shall recommend individuals for the award of the National Medal of Science to the President. This Committee shall be deemed to constitute a continuation of the Committee established by E.O. 10961 of August 21, 1961, however, the latter Order is hereby revoked.

TERMINATION: E. O. 11827, 1/4/75, continues the committee until 1/5/77, unless otherwise sooner terminated.

Records  
PV (EOP)  
PV (RO)  
Handbook  
Gen, Index

PRESIDENT'S COMMITTEE ON THE NATIONAL MEDAL OF SCIENCE

---

AUTHORITY:    ADD:    Executive Order 11948, December 20, 1976

METHOD:

MEMBERS:

CHAIRMAN:

TERM:

SALARY:

PURPOSE:

TERMINATION:    Strike 11827, 1/4/75, and January 5, 1977 and insert 11948, 12/20/76  
and December 31, 1978, respectively.

ORDER

-----

Pursuant to the provisions of Executive  
Order No. 11287 of June 28, 1966, I hereby designate  
Nathan M. Newmark as Chairman of the President's  
Committee on the National Medal of Science.

*Ronald R. Ford*

THE WHITE HOUSE,

November 13, 1975.

THE WHITE HOUSE  
WASHINGTON

1/15/79

Landon Butler  
Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

January 12, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*  
LANDON BUTLER *LB*

RE: Emergency Board Re Air Alaska

On November 2, in response to a requirement of the Airline Deregulation Act, you created an Emergency Board to investigate a labor dispute involving Air Alaska. On November 30, 1978 the Emergency Board requested an extension for reporting, which you approved, moving the reporting date to January 15, 1979.

During most of the period since the Emergency Board was created, the parties and the Board have been following a process which would ultimately lead to arbitration. Last week, however, the parties agreed to mediation and the union has apparently conceded on the major issue--whether there must be a third pilot in the cockpit.

The National Mediation Board--which monitors emergency boards--informs us that the prospects for mediation are good but that it cannot be completed by January 15. The parties have therefore stipulated to a second extension to February 15, which the Mediation Board requests you to authorize.

We recommend that this second extension be approved, but that no more be granted.

✓ Approve Extension

Disapprove

*J*



NATIONAL MEDIATION BOARD  
WASHINGTON, D. C. 20572

OFFICE OF THE CHAIRMAN

January 8, 1979  
Emergency Board No. 95-504

The President  
The White House

Dear Mr. President:

Reference is made to Executive Order No. 12095 dated November 2, 1978, creating an Emergency Board under the provisions of Section 44 of the Airline Deregulation Act of 1978 (Public Law 95-504) to investigate a dispute between Wien Air Alaska, Inc., and Certain Individuals. The Members of the Board were appointed by you on November 14, 1978.

Under the terms of this executive order the Emergency Board was required to report its finding to you on or before December 2, 1978. On November 30, 1978, the Emergency Board requested an extension which you approved changing the reporting date to January 15th.

We have been advised by the Emergency Board that it does not appear possible for them to conclude their investigation and report on this dispute by January 15, 1979. Consequently, the parties involved in this dispute have agreed by stipulation to an extension of time within which this Emergency Board shall report its findings to the President.

The National Mediation Board accordingly recommends that the extension of time be approved, permitting this Emergency Board to file its report and recommendations not later than February 15, 1979.

Respectfully,

*David H. Stowe*  
David H. Stowe  
Chairman

APPROVED:

*Jimmy Carter*



Y  
Coff  
13

Please return to  
Office of the Solicitor General  
Room 5614

No 78-432

IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1977

UNITED STATES WORKERS OF AMERICA AFL-CIO-CLC

Petitioner

BEAR PAPERES, AKAER ALUMINUM & CHEMICAL  
CORPORATION, and UNITED STATES OF AMERICA

Respondents

**PETITION FOR WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT**

BERNARD KLEMAN  
PEARL Wacker Drive  
Suite 1910  
Chicago, Illinois 60601

MICHAEL H. GOTTFERMAN  
ROBERT M. WEINBERG  
BRENDOTT GOTTFERMAN, C.A.  
A. Weinberg  
1000 CHERRY AVENUE  
NEW YORK, N.Y. 10017

ALL STATE  
FEDERAL DEPT  
FEDERAL DEPT  
1977

WILLIAM J. DAVIS  
JAMES H. HARRIS  
JAMES H. HARRIS  
JAMES H. HARRIS  
BIRMINGHAM, ALABAMA 35203



Attorney for Petitioner

IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1977

---

No.

---

UNITED STEELWORKERS OF AMERICA, AFL-CIO-CLC,  
*Petitioner,*

v.

BRIAN F. WEBER, KAISER ALUMINUM & CHEMICAL  
CORPORATION, and UNITED STATES OF AMERICA,  
*Respondents.\**

---

**PETITION FOR WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT**

---

United Steelworkers of America, AFL-CIO-CLC, hereby petitions for a writ of certiorari to the Court of Appeals for the Fifth Circuit, enabling this Court to review the Fifth Circuit's judgment in *Weber v. Kaiser Aluminum & Chemical Corporation and United Steelworkers of America*, AFL-CIO, 563 F.2d 216 (5th Cir. 1977).

---

\* Although nominally listed as respondents on this petition, Kaiser Aluminum & Chemical Corporation and United States of America actually were aligned with petitioner in the courts below. Kaiser was a co-defendant with petitioner. United States of America, after first filing an *amicus* brief in the Court of Appeals supporting Kaiser and petitioner (App. B, p. 19a, n. 2), later moved for and was granted intervention as a party in the Court of Appeals and in that new capacity continued to support the positions urged by Kaiser and petitioner.



### QUESTION PRESENTED

Does the prohibition against "discrimination" contained in Title VII of the Civil Rights Act of 1964 preclude an employer and union from voluntarily agreeing in collective bargaining to adopt an affirmative action program reserving 50% of the openings in a newly-created in-plant craft training program for black bidders, where there has been no prior discrimination against blacks at that plant but the program is intended to alleviate one pervasive consequence of historic societal discrimination against blacks: the virtual absence of blacks from craft jobs.

### JURISDICTION

The opinion and judgment of the Court of Appeals for the Fifth Circuit were issued on November 17, 1977 (Appendix B, *infra*). Timely petitions for rehearing were denied on April 17, 1978 (Appendix C). On July 5, 1978, Justice Powell signed an order extending the time for filing a petition for writ of certiorari to and including August 15, 1978 (Appendix D). On August 9, 1978, Justice Powell signed an order further extending the time for filing a petition for writ of certiorari to and including September 14, 1978 (Appendix E). This Court has jurisdiction pursuant to 28 U.S.C. §1254(1).

### OPINIONS BELOW

The opinion of the United States District Court for the Eastern District of Louisiana is reported at 415 F. Supp. 761, and is reprinted as Appendix A to this petition. The opinion of the United States Court of Appeals for the Fifth Circuit is reported at 563 F.2d 216, and is reprinted as Appendix B to this petition. The order of the Court of Appeals denying rehearing is reported at 571 F.2d 337, and is reprinted as Appendix C to this petition.

## STATEMENT OF THE CASE

### Introduction

This is an action brought by a white employee, on behalf of himself and a class of similarly situated white employees, alleging that an affirmative action program negotiated in collective bargaining between his employer and union discriminated against whites in violation of Title VII of the Civil Rights Act of 1964. The district court ruled that the program *did* violate Title VII, and a divided Court of Appeals affirmed. The union, believing that Title VII was not intended to prohibit voluntary, privately negotiated affirmative action programs of the type involved here, and that immediate review is important to the national interest, seeks review by this Court.

### Statement of Facts

Petitioner, United Steelworkers of America, AFL-CIO-CLC (hereinafter "USWA"), is the exclusive bargaining representative of the production and maintenance employees at the Gramercy, Louisiana, plant of Kaiser Aluminum & Chemical Corporation (hereinafter "Kaiser"). The Gramercy plant draws its workforce from a community whose population is approximately 40% black, but in 1974 (when the challenged agreement was negotiated) only 5 of the 290 skilled craftsmen in the plant were black. The courts below have both found that Kaiser did not discriminate in its selection of craftsmen prior to 1974;<sup>1</sup> rather, those courts found that the small percentage of black craftsmen was the product of societal discrimination, not Kaiser's.<sup>2</sup>

<sup>1</sup> As will soon be explained, Kaiser had hired its craftsmen "from the street," and USWA had had no role in choosing them.

<sup>2</sup> In the courts below, USWA argued that the statistics created a *prima facie* case of discrimination by Kaiser in selecting craftsmen, which could be overcome only by a showing by Kaiser that "business necessity" precluded its using a different selection procedure, i.e., in-plant training (the plant had a substantial population of

Unlike many industrial employers, Kaiser did not (prior to 1974) have an apprenticeship or craft training program enabling in-plant production workers to train and qualify for craft positions. USWA had been urging the adoption of such a program for many years, but Kaiser had been unwilling to incur the very substantial costs which such a program would entail. In consequence, when craft vacancies arose, only fully-qualified craftsmen could compete. Kaiser early exhausted the pool of in-plant production employees who could qualify for craft vacancies, and for many years prior to 1974 virtually all vacancies were filled by the hiring of craftsmen "off the street."<sup>3</sup> But here was the rub: although Kaiser made substantial efforts to find qualified black craftsmen, they simply did not exist. Thus, although Kaiser's workforce included large numbers of black production workers, the pool from which Kaiser had selected its craftsmen was exclusively white, a product of historic societal discrimination, but not, as the courts below found, Kaiser's discrimination.

The picture at this plant—a virtually complete absence of blacks from craft positions—reflects what was, until 1974, a phenomenon which troubled the union throughout its jurisdiction. Although many industrial plants employ

black production workers). Both courts below, however, ruled that the evidence did not show that Kaiser had engaged in discrimination in violation of Title VII (App. A, pp. 5a, 15a; App. B, pp. 31a-33a). Given the two-court rule, that nondiscrimination finding is binding here, *e.g.*, *Berenyi v. Immigration Director*, 385 U.S. 630, 635 (1961), and, accordingly, we now seek review only on the basis of the alternative position urged below, which position, as set forth in the question presented herein, does not depend upon a finding of discrimination by the particular employer.

<sup>3</sup> The lone exceptions, which the court below considered *de minimis* (App. B, pp. 31a-32a, n. 13), involved 28 vacancies which were filled by providing limited training to employees who already had substantial craft-related experience. This was much less expensive than a full-blown training program, because the recipients, by virtue of their prior craft-related experience, required a much shorter training period.

large numbers of blacks as did Kaiser here, there were very few blacks who had become craftsmen anywhere in American industry. In 1974, USWA embarked upon a nationwide program to alter this picture. In major segments of its jurisdiction—including the steel, aluminum, and can manufacturing industries—USWA negotiated temporary “quotas”<sup>4</sup> under which 50% of future craft and craft-training vacancies were to be awarded to qualified blacks and other minorities until their statistical underrepresentation was eliminated.<sup>5</sup> While employer discrimination may have accounted for the underrepresentation of black employees in craft jobs at some of the plants covered by these agreements, the agreements were not confined to curing past employer discrimination, and no effort was made to assess on a plant-by-plant basis the employer’s potential culpability for the absence of black craftsmen (See n. 5, *supra*). USWA’s intention—the lawfulness of

<sup>4</sup> The term “quota” was not used in the agreements, but we do not quarrel with the use of this term by the court below to characterize the agreement.

<sup>5</sup> In the steel industry, this agreement was incorporated into an industrywide consent decree receiving judicial approval. *United States v. Allegheny-Ludlum Industries, Inc.*, 517 F.2d 826 (5th Cir. 1975), *cert. denied* 425 U.S. 944 (1976). However, as the decree court has recently stated, the “essence” of that decree “is a collective bargaining agreement between the union and the companies”; neither the parties nor the court had examined the facts at each of the 250 plants covered by the decree to determine whether there had been prior employer discrimination, nor had the parties or the court attempted to limit the quota to identifiable victims of past discrimination. *United States v. Allegheny-Ludlum Industries, Inc.*, No. CA 74-P-0339-5 (N.D. Ala.), Memorandum Opinion filed March 21, 1978, pp. 3, 8-9.

In the aluminum and can manufacturing industries, the program was incorporated into nationwide agreements between USWA and each of the major manufacturers. The program negotiated with the aluminum companies was modeled after the decree which had been negotiated, but not yet entered, in the steel industry (App. B, pp. 42a-43a & n. 5 (Wisdom, J., dissenting)).



which is the focus of this litigation—was not simply to cure employer discrimination, but to achieve through voluntary, private collective bargaining an immediate end to a condition resulting from historic societal discrimination which the Union believed incompatible with the best interests of its entire membership: the virtually total absence of blacks, as a class, from craft jobs in plants which had large black populations employed on production jobs.

The agreement which USWA negotiated with Kaiser in 1974 covered 15 plants located throughout the United States, including the Gramercy Plant. It set as the "goal" for Gramercy (after which the quota would be discontinued) 39% minority representation in the crafts, reflecting the minority population in the area from which the plant's workforce was drawn.

Of course, the 1974 agreement would have been meaningless at Gramercy unless Kaiser simultaneously instituted a training program: absent training, there would still be no qualified blacks who could secure the benefit of the agreement. The adoption of the nationwide affirmative action program thus enabled USWA to secure a benefit for all employees at Gramercy which had theretofore been unattainable: Kaiser agreed to institute training programs enabling incumbent production employees to become qualified for craft vacancies. Whereas prior to 1974 none of the incumbent employees—white or black—had had any hope of becoming craftsmen, all were now given a route of access to training opportunities. The agreement provided that as between qualified blacks competing for training positions governed by the quota, plant seniority would control the order of admission, and plant seniority likewise would control the order of admission of qualified whites to the other 50% of the vacancies.

Helped all  
employees as  
not have  
this

Shortly after the agreement was negotiated, Kaiser announced the first vacancies in the training program, and large numbers of incumbent white and black employees

applied for admission. Kaiser awarded half the vacancies to the most senior qualified whites who had applied, and the other half to the most senior qualified blacks who had applied. A number of whites who were not selected, including respondent Weber, had greater plant seniority than the blacks who were selected; indeed, had the vacancies been awarded solely on the basis of plant seniority, without regard to race, all would have been awarded to whites. The blacks selected were as fully qualified as the more senior whites who were not selected, as the Court of Appeals found (App. B, p. 34a). The Court of Appeals explained (App. B, p. 34a, n. 15):

"Although ability to perform and physical fitness are factors to be considered . . . in admitting employees to on-the-job training, the amicus brief of the Equal Employment Opportunity Commission asserts that there was no evidence and no suggestion that any unsuccessful white bidder had greater ability or was more physically fit than the successful black bidders."

But the Court of Appeals' majority regarded the quotas as "meddl[ing]" with the respective employees' seniority and the "perquisites attendant upon" seniority.

#### **The District Court Decision**

The District Court ruled that, as Kaiser had not previously discriminated in filling craft positions, and as the quotas thus did not constitute a remedy for employer discrimination, they constituted "discrimination" violative of Title VII. The arguments of USWA and Kaiser that the quotas were a legitimate response to societal discrimination, which Congress had not intended to forbid when it enacted Title VII, was rejected in these terms (App. A, p. 16a):

"Undoubtedly, the laudable objective of promoting job opportunities in our society for members of minority groups has been viewed as a justification for the discrimination against other individuals which almost certainly results from such programs. Prior to the

effective date of the 1964 Civil Rights Act, employers may have been free, for whatever motivation, to engage in such discriminatory employment practices. Indeed, it well may be that employers should be permitted to discriminate in an otherwise illegal fashion in order to bring about a national social goal. This Court, however, is not sufficiently skilled in the art of sophistry to justify such discrimination by employers in light of the unequivocal prohibitions against racial discrimination against *any individual* contained in Sections 703(a) and (d) of the 1964 Act."

Judgment was entered in favor of plaintiff, permanently enjoining Kaiser and USWA from denying any white employee access to the training program on the basis of race.

#### The Court of Appeals Decision

The majority in the court below (Judge Gee, joined by Judge Fay) affirmed. The court began by properly posing the issue:

"[S]ection 703(j) specifies that the Act shall not require preferential treatment. But, of course, the issue here is not whether preferential treatment is required but whether it is forbidden." (App. B, p. 21a).

The court concluded that preferential treatment is "strictly forbidden, even where responsive to societal discrimination, unless... enacted to restore employees to their rightful place within a particular employment scheme . . ." (App. B, pp. 33a-34a, 39a):

"Appellants urge this court to approve the on-the-job training ratio not to correct past employment discrimination by Kaiser at this plant but to correct a lack of training named on past societal discrimination. For surely it is common knowledge that many blacks (and others) have suffered arbitrary discrimination in the society, discrimination still producing effects which they carry with them to the Gramercy plant and elsewhere. Our response is that unless a preference is enacted to restore employees to their rightful places within a particular employment scheme it is strictly

*Some of  
discrimination and  
enough*

~~forbidden by Title VII. Not all 'but-for' consequences of racial discrimination warrant relief under Title VII.~~

We deny appellants relief, not unmindful of the delayed opportunities for advancement this will occasion many minority workers but equally aware of our duty, in enforcing Title VII, to respect the opportunities due to white workers as well. Whatever the merits of racial quotas—and the short-term and obvious benefits must not blind us to the seeds of racial animus such affirmative relief undeniably sows—Congress has forbidden racial preferences in admission to on-the-job training programs, and under the circumstances of this case we are not empowered by the equitable doctrine of restorative justice to ignore that proscription.” (Footnote omitted).

Judge Wisdom dissented, declaring that the program should be “upheld as a proper response to societal discrimination against blacks” (App. B, p. 55a). He concluded:

“[I]n spite of our newly adopted equality, the pervasive effects of centuries of societal discrimination still haunt us. Kaiser and the United Steelworkers sought in a reasonable manner to remedy some of those effects in employment practices. Their actions may or may not be just to all its employees; they may or may not be wise; but I believe they are legal.” (App. B, pp. 64a-65a).

## REASONS FOR GRANTING THE WRIT

### I.

In *McDonald v. Santa Fe Trail Transp. Co.*, 427 U.S. 273, 281, n. 8 (1976), this Court held that Title VII forbids discrimination against white male employees as well as discrimination against minorities and women, but “emphasize[d]” that it was not deciding the lawfulness of affirmative action programs:

“Santa Fe disclaims that the actions challenged here were any part of an affirmative action program, . . . and we emphasize that we do not consider here the



permissibility of such a program, whether judicially required *or otherwise prompted*." (Emphasis added).

This petition raises in clear fashion one of the questions left open in *McDonald*: whether "an affirmative action program . . . otherwise prompted" violates Title VII. The importance of this issue is patent. The scope and intensity of the national debate on the related affirmative action issue presented in *Regents of the University of California v. Bakke*, — U.S. —, 46 U.S.L.W. 4896 (1978), demonstrates that the legality of such programs is at the center of our social and political consciousness.

The practical consequences of the decision below are commensurate. Affirmative action agreements—most of which parallel the one struck down in this case—negotiated by USWA alone affect nearly a million employees in major segments of the American economy. And, of course, other parties in other industries have adopted similar programs.

Nor is this an issue which can be safely left to another day. For the decision below will have an immediate *in terrorem* effect. As to facilities within the Fifth Circuit, employers and unions will be constrained at once to dismantle affirmative action programs such as that found illegal in this case—or else to face a potentially large liability in suits such as this one. Certainly, affirmative action programs of the type here will not for the present be initiated within the jurisdiction of that Circuit. With respect to facilities in other circuits, employers and unions will be left in a state of uncertainty as to whether to continue existing affirmative action programs; and, again, there will be a significant disincentive to parties considering whether to begin such programs.

These effects are not merely speculative. One major corporation has already advised USWA that in light of the decision below it has suspended implementation of the program at plants throughout the United States. Other corporations have advised USWA that they will follow suit

if certiorari is prompted by charges filed Commission a of the decision where the pro approved, ind of the progra decree court, order to show decree in light memorandum, "essence" of ment between cree was nego tion of the circ it applies; an serious doubt lawful at thos minorities in discrimination tries, Inc., No Opinion filed 1

With conse issue should n

The questio The conduct was that of tl mental entity. has of course since the ratif VI of the Civ tutional prose where the fed federal funds.

if certiorari is denied herein. These responses have been prompted by the flurry of "reverse discrimination" charges filed with the Equal Employment Opportunity Commission and suits which have been filed in the wake of the decision below. And even in the basic steel industry—where the programs were incorporated into a judicially-approved, industry-wide consent decree—the continuation of the program has been thrown in doubt. The consent decree court, which is in the Fifth Circuit, has issued an order to show cause why changes are not required in the decree in light of the decision below. In an accompanying memorandum, the consent decree court observed that the "essence" of the decree "is a collective bargaining agreement between the union and the companies"; that the decree was negotiated and approved without prior examination of the circumstances at each of the 250 plants to which it applies; and that in light of the decision below there is serious doubt that the craft goals in the consent decree are lawful at those plants where the underrepresentation of minorities in the crafts was not the product of employer discrimination. *United States v. Allegheny Ludlum Industries, Inc.*, No. CA 74-P-0339-5 (N.D. Ala.), Memorandum Opinion filed Mar. 21, 1978, at 3, 8-9.

With consequences of this nature, the decision of this issue should not be put off to some later date.

## II.

The question presented here was not resolved in *Bakke*. The conduct there alleged to be unlawful discrimination was that of the University of California—~~state govern-~~  
mental entity. Racial discrimination by such institutions has of course been subject to constitutional proscription since the ratification of the Fourteenth Amendment. Title VI of the Civil Rights Act of 1964 reinforced that constitutional proscription, at least with an additional remedy, where the federal interest is compounded by the grant of federal funds.

~~By contrast, the instant case involves actions taken by purely private parties—parties not subject to any constitutional proscription against discrimination. The affirmative action program here at issue is unlawful only if it violates Title VII.~~ The question then becomes whether the Congress of 1964, in passing that Title of the Civil Rights Act, intended for the first time to outlaw efforts by private parties to provide special opportunities to minority groups in response to the effects of historic societal discrimination upon the parties' workforce. This question is exclusively one of statutory interpretation, and must be resolved in the light of the distinct statutory language, history and purpose of Title VII. For the reasons already stated, after 15 years of uncertainty the task of answering that unsettled question should begin.<sup>6</sup>

<sup>6</sup> This Court has granted certiorari in *County of Los Angeles v. Davis*, No. 77-1553, cert. granted, — U.S. —, 46 U.S.L.W. 3780 (June 19, 1978). Because one of the issues in that case relates to the validity of a court-ordered quota remedy, we point out here that *Davis* does not raise the issue sought to be raised in the instant petition. At the threshold, of course, the remedy challenged in *Davis* is founded primarily, if not entirely, on 42 U.S.C. § 1981, not on Title VII; the challenge raised in the *Davis* petition is not so much to the propriety of quota relief as such but to the permissibility of that relief for "violations" which were not timely adjudicated by appropriate plaintiffs; and there are numerous questions in that case as to whether liability was properly found which might obviate the need to reach any issue of remedy. More fundamental, however, is that any quota issue which could be raised in *Davis* would be by nature distinct from the issue raised here. There, racial quotas were imposed by a court upon nonconsenting private parties as a "remedy" for such parties' past unlawful discrimination. In a Title VII case (or, we submit, in a § 1981 case), justification of such judicial imposition of racial quotas must overcome (1) the proscription of section 703(j) of Title VII, 42 U.S.C. § 2000e-2(j), against the governmental requirement of racial preferences to overcome underrepresentation of minorities and (2) the logic of this Court's prior decisions prescribing individualized "rightful place" remedies as the appropriate cure for Title VII violations. *Franks v. Bowman Transportation Co.*, 424 U.S. 737

## CONCLUSION

USWA has embarked upon a nationwide program which, if allowed to continue, will soon produce a major alteration in the status of blacks in important segments of American industry. In a very few years, this nation will see a new generation of many thousands of fully trained black craftsmen. This is not a result which government has commanded (or perhaps could command), but it is a result which private, voluntary collective bargaining can produce. The court below has declared that Title VII forbids this program. It is imperative that this Court grant certiorari and decide whether that result is what Congress intended.

Respectfully submitted,

BERNARD KLEIMAN  
1 East Wacker Drive  
Suite 1910  
Chicago, Illinois 60601

MICHAEL H. GOTTESMAN  
ROBERT M. WEINBERG  
Bredhoff, Gottesman, Cohen  
& Weinberg  
1000 Connecticut Avenue,  
N.W.  
Washington, D.C. 20036

CARL FRANKEL  
Five Gateway Center  
Pittsburgh, Pennsylvania 15222

JOHN C. FALKENBERRY  
Cooper, Mitch & Crawford  
409 N. 21st Street  
Birmingham, Alabama 35203

*Attorneys for Petitioner*

(1976); *Teamsters v. United States*, 431 U.S. 342, 362-376 (1977). In contrast, this case involves not the question of the propriety of governmental imposition of quotas, but the legality of the voluntary adoption of quotas by private parties in response to the effects upon their workforce of historic societal discrimination. The barriers of § 703(j) and this Court's prior decisions in *Franks* and *Teamsters* are not present here. Resolution of the issue in *Davis* will not control the outcome of this case.

*Frankel and  
Susskind  
imposition*

AFL: Title 7 not be private arrang. to integrate  
all-white jobs either by collective barg.  
or nondiscriminatory law.

Anyone wrong to prevent this voluntarily  
the govt wouldn't force Kaiser to do this if  
no federal discrimination